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ALAGAPPA UNIVERSITY

(Reaccredited with 'A' Grade by NAAC)

KARAIKUDI-630 003, TAMILNADU



DIRECTORATE OF DISTANCE EDUCATION

(Recognized by Distance Education Council (DEC), New Delhi)

34342

MBA (5Yr) Integrated



Paper - 5.2 C4

GLOBAL HUMAN RESOURCE MANAGEMENT

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PAPER - 5.2 C4

GLOBAL HUMAN RESOURCES MANAGEMENT

Paper 4.1: GLOBAL HUMAN RESOURCES MANAGEMENT

UNIT 1 :

Human Resources management: Overview of operative functions – Recruitment – Selection – Integration – Compensation – Training for development and separation – Challenges and opportunities of globalising HR.

UNIT 2 :

Global HR Recruitment and Selection: Home – Host – Third country nations – Selection criteria for global assignments – Selection process for global HR – Challenges of global placements.

UNIT 3 :

Global HR Integration Process: Process of integration – Motivation and team in HR – Cultural adoptability vis-à-vis Individuality – Managing cross-cultural diversities – Multiculturalism – Organisational culture of MNCs – Experiences of best run companies.

UNIT 4 :

Global HR Compensation Process: Direct and indirect compensation – International compensation – Pay for performance – Executive incentive pay – Pay differences – Causes and consequences – Compensation structure in MNCs.

UNIT 5 :

Global HR Training and Development Practice: Relevance of training and development – Area of training – Types: Standard Vs Tailor made training – Cultural assimilations and other approaches – Impact of different learning styles on training and development – Leadership training.

UNIT 6 :

HR Relations Management: Labour relations in the international arena – US, Japanese, UK, European approaches to labour relations – Role of strategic management of international labour relations.

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UNIT I
GLOBAL HRM –AN INTRODUCTION

Syllabus Covered: Human Resources Management – Overview of Operative Functions- Recruitment- Selection- Integration- Compensation- Training and Development – Separation- Challenges and Opportunities for Globalizing HR.

The Objectives of this lesson are:

i. To present an overview of developments in HR, including E-HRM
ii. To present an account of HR Operative Functions
iii. To present the opportunities for globalizing HR operations
iv. To present the challenges in globalizing HR functions

The most precious of all resources an organization has is its 'human resources'. Human Resources are the only resource with renewable resourcefulness. Materials have only limited 'contents', machines have only limited 'capacity', money has only limited 'power', but men have unlimited 'contents', 'capacity' and 'power'. The 'contents', 'capacity' and 'power' of men are renewable, refreshable, rechargeable, retrievable, re-moldable and remarkable. Human resources are the 'resource' behind tapping every other resource, including natural resources. Managing the human resources of an organization is a great challenge.

An overview of HR Management

Organization involves group activities. All group activities need people or human resources. Rank and file, Front line Supervisors and Managers at all levels constitute the human resources of an organization. Whatever the level of automation, the involvement of people cannot be dispensed with. Even in the case of unmanned space programs involvement of expert personnel in operating the remote control system from the ground station is inevitable.

Apart the indispensability of the human resources, human resources constitute a distinct resource of any organization due to their heterogeneous character. Individuals differ (A to Z) from one another in their Attitudes, Behavior, Capacity, Determination, Empathy, Fineness, Guts, Honor, Ideology, Justice-Ability, Kindness, 'Likes and dislikes', Manners, Nuances, Originality,

Philosophy, Quest, Refinement, Spirit, Truthfulness, Uniqueness, Values, Will-power, Xerophility, Youthfulness and Zealousness.

Yet, a pattern in their collective actions is always present. Present day organizations depend on this **'pattern',** which is otherwise called, '**group dynamics'** on the positive side and '**herd-behavior'** on the negative side'. To a great extent by proper motivation and direction, manipulation of group behavior to serve best the goals of the organization is possible. That is the responsibility of HR Management.

The goal of human resource management is to help an organization to meet strategic goals by **attracting**, and **maintaining** employees and also to **manage** them effectively. HRM approach seeks to ensure a **'fit'** or **'match'** between the management of an organization's employees, and the overall strategic direction of the organization. HRM, in the context of a firm- national or global, extends to cover the cultural dimensions as well. Foreign language and culture skills, ingenuity, humor, and careful listening, character, ethics, creativity, social connections and the like immensely contribute and even alter the character of workplace of an organization. This is the 'fit' or 'match' dimension of HRM.
Phases in Human Resources Management (HRM)

HRM with Efficiency focus: The modern concept of human resources management (HRM) began in reaction to the efficiency focus of Father of Management F.W.Taylor in the early 1900s. By 1920, psychologists and employment experts in the United States started the human relations movement, which viewed workers in terms of their psychology and fit with companies, rather than as interchangeable parts. This movement grew throughout the middle of the 20th century, placing emphasis on how leadership, cohesion, and loyalty played important roles in all-round success.

HRM with Effectiveness focus: The 1960s and beyond saw the emergence of 'quantitatively rigorous and less soft management techniques in HRM. HRM was seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Its techniques force the managers of an enterprise to express their goals with specificity (management by objectives) so that they can be understood and undertaken by the work-force, and to provide

the resources needed for them to successfully accomplish their assignments. HRM techniques became more expressive of the goals in quantitative terms, and operating practices of the enterprise more specifically. Human resources management has gained a permanent role within organizations, agencies and nations, increasingly as not only an academic discipline, but as a central theme in development policy.

HRM with Excellence focus: Later part of the 20th century saw Human resource management emerging with strategic focus. HRM placed thrust on developing a coherent approach to the management of an organization's most valued assets - the people who individually and collectively contribute to the achievement of the Organization's goals by harnessing their skills and utilizing their capabilities to the fullest extent.

HRM with Competitive advantage focus: The 21st century saw the emergence of HRM with **competitiveness** focus. HRM relates to the implementation of strategies directed towards creating and sustaining **competitive advantage** for the organization. HRM seeks to ensure **a fit between the management** of an organization's employees and **the overall strategic direction** of the organization. The basic principle of the academic theory of HRM is that humans are not machines or changeable parts of machines but reservoirs of talents, smartness and think-tanks. An interdisciplinary examination of people in the workplace is done with Psychology, Industrial engineering, Industrial, Legal and Paralegal Studies, Organization Behavior, Industrial Relations, Sociology and critical theories of post-modernism and post-structuralism playing a major role.

E-HRM: E-HRM is the planning, implementation and application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities. E-HRM is not the same as HRIS (Human resource management system) which refers to ICT systems used within HR departments. Nor is it the same as V-HRM or Virtual HRM - which is defined as 'a network-based structure built on partnerships and typically mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital'.

E-HRM is, in essence, the devolution of HR functions to management and employees. They access these functions typically via intranet or other web-

technology channels. The empowerment of managers and employees to perform certain chosen HR functions relieves the HR department of these tasks, allowing HR staff to focus less on the operational and more on the strategic elements of HR, and allowing organizations to lower HR department staffing levels as the administrative burden is lightened. It is anticipated that, as E-HRM develops and becomes more entrenched in business culture, these changes will become more apparent, but they have yet to be manifested to a significant degree.

E-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels. The word 'implementing' in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HRM, therefore, is a concept - a way of 'doing' HRM. The E-HRM business solution is designed for human resources professionals and executive managers who need support to manage the work force, monitor changes and gather the information needed in decision-making. At the same time it enables all employees to participate in the process and keep track of relevant information.

There are three tiers of E-HRM. These are described respectively as Operational, Relational and Transformational. Operational E-HRM is concerned with administrative functions - payroll and employee personal data for example. Relational E-HRM is concerned with supporting business processes by means of training, recruitment, performance management and so forth. Transformational E-HRM is concerned with strategic HR activities such as knowledge management, strategic re-orientation.[2] An organization may choose to pursue E-HRM policies from any number of these tiers to achieve their HR goals.

A. HR OPERATIVE FUNCTIONS

Human resources management has at least two related interpretations depending on the context, namely the much broader `human resources development' at national/global level and the narrower one at an organization's level popularly called as, 'Human resources management'.

The first usage derives from political economy and economics, where human resources are seen as national resource, a factor of production. The perspective is

changing as a function of new and ongoing research into more strategic approaches at national levels. This first usage goes beyond just organizations to the level of nations.

The second usage limited to 'corporations and businesses' refers to the individuals within a firm or agency, and deals with hiring, firing, training, and other personnel issues, typically referred to as `human resources management'. We are concerned with this approach more. But as business entities and political economics become more intertwined the HRD approach to HRM is also relevant in the context of an organization. The objective of human resource development lies in harnessing the individuality/variability in order to foster human resourcefulness through enlightened and cohesive policies in education, training, health and employment at all levels, from corporate to national. Human resource management's objective is to maximize the return on investment from the organization's human capital and minimize financial risk. It is the responsibility of human resource managers in a corporate context to conduct these activities in an effective, legal, fair, and consistent manner.

Human resources management comprises several functions supposed to achieve the goals of the organization. These functions can be performed in an HR department, but some can also be outsourced or performed by line-managers of other departments. When effectively integrated they provide significant economic benefit to the company. The functions include:

1. Manpower planning	2. Recruitment
3. Selection	4. Induction and Orientation
5. Compensation management	6. Training and development
7. Performance Appraisal & Enhancement	8. Legal Aspects of Personnel
9. Separation Management	10. Personnel Audit

1. MANPOWER PLANNING

1.1 Manpower planning is the business process for ensuring that an Organization has suitable access to talent to ensure smooth carrying out of current and future business activities. It involves taking inventory of current talents availability, future requirements of talents, projected talents gap and alternative accesses to meet the talents gap. Access to talent includes considering

all potential access sources (employment, contracting out, out-sourcing, partnerships, changing business activities to modify the types of talent required, changing business processes to modify the types of talent required and so on.) Talent refers to the knowledge, skills, predisposition and ability to undertake required activities including decisions making. Manpower Planning is inclusive of Strategic Manpower Planning and Succession Planning.

Strategic Manpower Planning: Strategic Manpower Planning does not consider talent in the form of employees as an organization's the only access to manpower. Outsourcing is a strategy for accessing talent and will often be the superior one. Regardless of the access source used, insightful assessment of the strategy's attendant business risk is prudent. The process for starting out Strategic Manpower Planning is to link it with the organization's success strategy. Identify the critical talent needs that if not met can materially adversely impact business success. Once the business requirements are fully appreciated then attention turns to schedule and timing of procurement. Strategic Manpower Planning considers the business risks concerning insufficient, disrupted, mis-deployed talent on the organization's business priorities and also business's strategic gains when sufficient, cohesive and well-deployed talents on the organization's business priorities. Assessing current internal capability and assessing its relative position and speculating on future sourcing options and identifying the preferred sourcing option follow. On crystallization of gap between need and availability, implementation and execution of procurement process follow. Attention to periodically reviewing the "sanity" of the current plan is prudent.

Succession Planning: Succession Planning is a subset of **Strategic Manpower Planning** in that it considers two talent business risk event areas usually in executive roles. First risk is the sudden loss of an incumbent (illness, resignation, etc.). Second risk is to meet longer term anticipated turnover by having a "pool" or "designate" ready, willing and able to fill the vacated role. Succession Planning has had a checkered history in business for several reasons. First, holds a static view of the world, it looks at future needs (the second risk above). Unfortunately, necessary roles evolve and change over time, hence the pool or designate can be come deficient in some critical talent area or other. Another issue is when the designate approach is taken - this can establish morale and performance issues that unnecessarily feed the organization's politics. Also, it is

quite common that when a role is vacated, the organization wants to test the broader market place for talent and often shows a preference for external hires. If this happens frequently enough it too can lead to disruptive effects within the organization. On balance, Succession Planning can be very effective as a "contingent" plan when a vacancy appears. This provides the organization time to think through its longer term needs.

1.2 Approaches to Manpower planning: Man power planning can be approached differently. Manpower analytics approach, Modeling approach and Segmentation approach are important. The focus of the **Manpower analytics approach** is to analyze current and historical employee data to identify key relationships among variables and use this to provide insight into the workforce they need for the future. **Modeling approach** incorporates **forecasting** and **scenario planning**. Forecasting uses quantitative data to create forecasts incorporating multiple 'what-if' conditions and modeling the future. Scenario Planning is a more useful tool where there are uncertainties, therefore incorporates quantitative and qualitative data. **Segmentation approach** breaks the workforce into segments along the lines of their jobs and determining relevance to strategic intent. This approach provides a technique for prioritizing.

1.3 Steps in Manpower Planning: Environment Scan, Current Manpower Profile, Future Manpower View, Analysis and Targeted Future and Closing the Gaps are steps. Of course we cannot say this is the definitive **'Start'** or that is the definitive **'Close'**. **Environment Scanning** is a form of business intelligence. In the context of Manpower Planning it is used to identify the set of facts or circumstances that surround a Manpower situation or event. **Current Workforce Profile** is taking inventory of Current State of the demand and supply factors both internally and externally of the Manpower by segments, talents cadre, etc. **Future Manpower View** is determining the organization's needs considering the emerging trends and issues identified during the Environment Scanning. Quantitative and Qualitative forecasts are needed. Quantitative forecasting helps in understanding the future quantum of manpower the organization needs based on current tracking. Qualitative forecasting helps identifying manpower needs in terms of capabilities and demographics. **Analysis and Targeted Future** deals with qualitative and quantitative forecasting for an organizational unit to analyze and identify critical elements. As the critical elements are identified the Targeted Future begins to take form. The targeted

future is the future that the organization is going to target as being the best fit in terms of business strategy and is achievable given the surrounding factors (internal/external, supply/demand). **Closing the Gaps** is about the people management (human resources) programs and practices that deliver the manpower needed for today and tomorrow. The process is about determining appropriate actions to close the gaps and therefore deliver the targeted future.

2. RECRUITMENT (COMPRISING ATTRACTION AND SELECTION)

The goal of human resource management is to help an organization to meet strategic goals by **attracting**, and maintaining employees and also to manage them effectively.

Recruitment involves attracting, inducing and prompting to apply for job openings in an organization. Recruitment forms the first stage in the process of procurement of employees. Recruitment makes it possible to mobilize to reach the number and types of people from whom the organization wants to choose from. The term 'recruitment' applies to the process of attracting potential employees to the organization or company.

William F Glueck defines, 'recruitment as those set of activities an organization uses to attract job candidates possessing the appropriate characteristics to help the organization reach its objectives'. According to Byers and Rue, 'recruitment involves seeking and attracting a pool of people from which the appropriate candidates for job vacancies can be chosen'.

The basic purpose of recruitment is to develop a group of potentially qualified people to apply. The importance of having efficient and effective procedures for recruitment can hardly be exaggerated. If organizations are able to find and employ people who consistently fulfill their roles and are capable of taking on increased responsibilities, such organizations are immeasurably better placed to deal with opportunities and threats arising from their operating environment than competitors. Unless the right type of people is hired, even the best plans, organization designs and control systems would not do much good.

Sources of Recruitment

Basically there are two main sources of recruitment, namely, (i) Internal Sources and (ii) External Sources.

Internal Sources: Internal sources refer to the present working force of a company. Whenever any vacancy occurs, somebody from within the organization are upgraded, transferred, promoted or sometimes demoted.

Filling a vacancy from internal sources has the advantages of increasing the general level of morale of existing employees and of providing to the company a more reliable information about the candidate's suitability on the principle that a work test is the best test. The major weakness of this source is that the inbreeding which it results in may deprive the organization of a fresh outlook, originality and initiative which the outsiders usually bring in and which are very important in today's competitive economy. Internal sources include:

- Present permanent employees
- Present temporary/ casual employees
- Retrenched or retired employees
- Dependents of deceased, disabled, retired and
- Present employees.

External Sources: Organizations have at their disposal a wide range of external sources for recruiting personnel. External recruitment is often needed in organizations that are growing rapidly or that have a large demand for technical skilled or managerial employees. External sources provide a large pool of talen and they prove to be cheaper, especially when dealing with technical or skilled personnel who normally do not offer any training. External sources include:

- Educational and Training Institutes
- Private Employment Agencies/ Consultants
- Public Employment Exchanges
- Professional Associations
- Data Banks
- Casual Applicants
- Similar Organizations
- Trade Unions

Recruitment Practices

Findings of the various surveys conducted in foreign countries reveal that various organizations use the following sources of recruitment are followed in practice. Employee referrals, Labor contractors, Candidates introduced by friends and relatives, Casual applicants, Advertising, Local/National/Global educational institutions, public employment exchange, private employment exchanges, labor unions, Citizens of the soil, Specified communities and categories, International sources, Expats, Non-resident citizens, etc.

Recruitment methods

While recruitment methods are wide and varied, it is important that the job is described correctly and that any personal specifications are stated. Job recruitment methods can be through job centres, employment agencies/consultants, headhunting, and local/national newspapers. It is important that the correct media is chosen to ensure an appropriate response to the advertised post.

3. SELECTION

MNCs recruit and retain people who will sustain their culture and support their goals and values. A combination of interviews and psychometric assessment is followed. The recruitment is not based solely on academic achievements. They are seeking to appoint candidates who satisfy a broad range of criteria in terms of their ability to make a positive and on-going contribution to the organizations.

In organizations for effective selection it is important to make a thorough job analysis to determine the level of knowledge, types and scale of skills, the bundle of competencies, the quantum of flexibility of the employee and basic orientations required. At this point it is important to consider both the internal and external factors that can have an effect on the selection of employees. The external factors are those out-with the powers of the organization and include issues such as current and future trends of the job market e.g. skills, education level, government investment into industries etc. Internal influences are management styles, even the organizational culture, works/projects on hand, etc.

Effective selection should consider: **Demographics, Diversity and Dexterity. Demographics** refer to the characteristics of a population/workforce, for example, age, gender or social class. This type of trend may have an effect in relation to pension offerings, insurance packages etc.

Diversity refers to the variation within the population/workplace. A larger proportion of organizations are made up of 'baby-boomers' or 'older employees' in comparison to thirty years ago. Traditional advocates of 'workplace diversity' simply advocate an employee base that is a mirror reflection of the make-up of society insofar as race, gender, sexual orientation, etc.

Dexterity refers to skills and caliber. As industries move from manual to a more managerial professions so does the need for more highly skilled graduates with ability to handle state of art equipment. The market is mostly 'tight' for high-end jobs and employers will have to compete for employees by offering financial rewards, community investment, etc., while for low-end jobs skills supply outpace demand.

Steps in Selection: Although the precise timeline, number of steps and evaluation process does vary somewhat across the organizations and divisions, the standard process for most positions is as follows:

Step 1: Complete and submit an application form
Step 2: Take some online tests
Step 3: First interview
Step 4: Attend an assessment centre
Step 5: Receive an offer
Step 6: Pass the pre-employment checks

Step 1: Complete and Submit an Online Application Form

Fill in application form. This is mostly done online. The designated team of recruiters reviews the applications and get back to candidates within stipulated working days. Filling in the application form is good preparation for later interviews and assessments as it makes the candidates to think about how they contribute to team activities, where their strengths lie, why they are applying to the Organization concerned, how they personally can contribute to the functions and services of the organization, as well as the areas they would

like to join. Candidates are required to demonstrate certain core skills or 'global core competencies'.

Step 2: Take Some Online Tests

Impressed with filled in application the recruiter will ask the candidates to take some online tests. These could be numerical, logical or verbal depending on the business area candidates choose and the route candidates take. Candidates will sit the tests again at the assessment day - this time on paper and supervised - so doing them online is good preparation. Tips on the best way to prepare will do well. Organizations now provide guidelines, tips, sample questions and answers, etc in web-sites to help the candidates to have a feel about the requirements.

During this process, candidates may also be invited to complete a Talent Questionnaire, which presents realistic work-based scenarios representing situations candidates would find themselves in working at the organization. Candidates do not need to prepare in advance before completing it, but candidates should ensure they read each question carefully and select the answer they believe most accurately reflects how they would behave in the scenario presented.

Step 3: First Interview

This is a one-to-one interview, which gives candidates the chance to display the qualities that paper can't do justice to. Organizations are looking for candidates to provide them with evidence of the skills they are seeking as well as reassuring them that candidates have thought carefully about their career choice, and they have a clear interest in the business and functions of the organization. Depending on the scheme to which candidates have applied, candidates will either have a telephone interview or an interview with a Manager at the chosen office and time. Interviews explore the candidates' knowledge, skills, attitude and aptitude. The interview process is also an opportunity for candidates to get to know the organization and the opportunities available to candidates.

Step 4: Attend an Assessment Centre

Assessment Centre of organizations usually measures candidates' numerical and verbal or logical reasoning skills through standard tests. Psychometric assessment is a normal part of the selection process in the Assessment Centre. Psychometric assessment is available in a variety of

languages, and candidates should decide which of the language would be most comfortable for them as this will give candidates the best opportunity to perform well. Generally, this will be candidates' native language and should not be affected by the location of the position they are applying for.

The Assessment Centre may also conduct a **second interview** - normally with a partner or director from the business area candidates want to join which may a group or individual exercise depending on positions and number of candidates. Applicants for Strategic Positions will also complete a presentation and case study exercise. An informal lunch with those who recently joined the organization, is arranged to give the candidates to facilitate the candidates ask the kind of things candidates may not be able to ask a recruiter. This may sound a lot, but the centre is designed to be as interesting and enjoyable as possible, giving candidates the chance to demonstrate their best qualities and find out as much about life at the organization as possible.

Step 5: Receive an Offer

The information generated from the interview process and psychometric assessment, in combination with all of the other information gathered during the selection process, will be used to obtain a comprehensive view of the match between candidates and the position they have applied for. Candidates know whether they get an offer or not as soon after the assessment centre as possible. In total, the whole process from application to offer should take no more than three to six weeks. This is the international practice.

Step 6: Pass Checks

Once candidates accept an offer, the organization's Pre Employment Vetting Team will verify the academic and employment history candidates outlined on their application. This makes it absolutely essential that candidates complete their form accurately and truthfully, including all module marks, dates and grades achieved. All of the information candidates provide will be checked rigorously. This may be followed by an 'Employment Screening' which includes reference and background checking.

4. INDUCTION AND ORIENTATION

A new employee is a cost to the company until he starts understanding the company and gives results in the way expected of him. A well-planned

introduction helps new employees become fully operational quickly and is often integrated with a new company and environment. Professionally organized and delivered induction training is your new employees' first proper impression of the company; this makes it an ideal occasion to reinforce their decision to come and work for the company. A well conducted induction ensures new employees are retained, and then settled in speedily and comfortably in a constructive role. Induction is initiation of an employee into an organization and making him oriented to the goals of the organization leaving aside his personal interests.

Issues: There are deeper and general things. Deeper things are company vision, missions, corporate goals, corporate competence expectations, goals, company culture, etc. New employees also need to understand the organization's goals, values and philosophy; personnel practices, and of course the job they're required to do. It also deals with organization structure, organizational duties, responsibilities, etiquettes, etc. It is also about the basics that seasoned employees take for granted like shift timings, holiday routine, casual/sick leave policy, location of the cafeteria, dress code, etc. Also it covers safety, the work environment, the new job description, etc. Induction provides information about employee benefits and eligibility as well. This is also a time to establish clear foundations and expectations in terms of ethics, integrity, corporate social responsibility, and all the other converging theories in this area that are the bedrock of all responsible modern enterprises.

Process: New employee orientation often is spearheaded by a meeting with the Human Resources department. The induction can include any topic in any order. For example, one can choose to begin with an introductory page followed by a welcome message from a senior person such as the Chief Executive. This can either be as text, audio, video, graphics or a combination of any of them. From there, new employees can progress logically through sections which typically cover: Organization Structure, Method of Work, Organizational Diversity, Staff Services, Trade Unions, Compliance, Induction Days, and Check List. In fact, any topic relevant to induction can be included and sequenced in the wished order. The best new employee orientation must have targeted goals and meet them, make the first day a celebration, involve family as well as co-workers, make new hires productive on the first day and must not be boring, rushed or ineffective.

BUDDY System: For smooth induction and subsequent orientation there is the BUDDY System. A buddy or senior job-mate from the same dept. is attached to new employee for say 3-4 months so that new one wouldn't get any difficulty to accommodate with organization. Buddy system is not as reliable as employees consider it to be an extra burden and take this as an unwilling responsibility & also binds the new employee to be dependent on the buddy. New employee can always make new friends in a new organization & the old employees also can be more free & willing to make friends (not just dutifully). There are experiences where people enjoy the buddyship but again this depends on work load, the nature of old employee as well as new employee & may lead to creation of biased view.

MNCs view that effective induction of new employees is a priority particularly in bringing their values easily and quickly embedded to new employees. This also contributes to ongoing demand for performance. They have programs to encourage the rapid integration of our new employees around the world and according to one's sector of activity experience and position with opportunity to discover the diversity complexity and specificity of the concern.

'Onboarding' is a term which describes the introduction process. Onboarding is included in the recruitment process for retention purposes. Many companies have onboarding campaigns in hopes to retain top talent that is new to the company, campaigns may last anywhere from 1 week to 6 months.

Soft wares for Induction and Orientation: Soft wares are available now to conduct induction training. Now imagine conducting induction training every time you hire someone; and if current employee turnover rates are anything to go by, then you will be inducting some new hires every week, if not every day! If induction is carried out in the traditional manner then you end up investing considerable time and human capital; draining your resources unnecessarily. The software automates the entire induction training process; the interface is user-friendly and intuitive, putting the user at ease immediately. With this software in place, induction training can be conducted for individuals or groups on demand and online; eliminating the need for managers to disrupt their daily routine and conduct induction personally. Conversely it adds to the comfort of the new employee, by providing information on demand and as often as required. By necessity induction training involves rather dry subjects, but with online delivery

it can be made more palatable, since the matter can be presented creatively in various forms using web based delivery modes such as; flash, animation, power point etc.

5. COMPENSATION MANAGEMENT

Compensation is the reward, monetary benefits or otherwise, given to employees in returns of the services provided by them. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness. Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. If the compensation offered is effectively managed, it contributes to improved 'Quality of Work Life', better 'Employee-Employer' relations, lesser 'Employee Turnover' and 'Equity in Employee-Employer' bargaining resulting in high organizational efficiency, effectiveness and excellence.

Compensation System: An effective compensation system is for every entity. Compensation system is designed keeping in minds the strategic goals and business objectives. Compensation system is designed on the basis of certain factors after analyzing the job work and responsibilities. Compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their services. The compensation system must meet the employees' psychological and self-actualization needs as well. The most competitive compensation will help the organization to attract, sustain and retain the best talent. The compensation package should be as per industry standards. A good compensation system is important to motivate the employees to increase the organizational productivity. In many countries employee compensation for most employees is set by market forces, or else by collective bargaining, where a labor union negotiates on the employees' behalf, subject to statutorily fixed minimum wage.

Components of Compensation: There are five basic components of compensation. These are: **Base salary, Short-term incentive plans (SIPs) or bonuses, Long-term incentive plans (LIPs), Employee benefits and Perquisites, or perks.**

i. Base salary either based on Time Scale or Performance based minimum. Time scale is more common for high positions. Performance-related pay is money paid to someone relating to how well one works at the workplace. Car salesmen or production line workers, for example, may be paid in this way, or through commission. They are paid more for selling more, and low performers do not earn enough to make keeping the job worthwhile. Employees would be secure in knowing that their performance was evaluated objectively according to the standard of their work instead of the whims of a supervisor, or against an ever-climbing average of their group. In a typical modern corporation, the CEO and other top executives are paid **salary plus short-term incentives or bonuses**. This combination is referred to as Total Cash Compensation (TCC).

ii. Short-term incentive plans (SIPs) or bonuses: SIPs and bonuses are based on individual or collective performance. **Short-term incentives** usually are **formula-driven** and have some performance criteria attached depending on the role of the executive. For example, the Sales Director's performance related bonus may be based on incremental revenue growth turnover; a CEO's could be based on incremental profitability and revenue growth. **Bonuses are not formula driven** and often discretionary. Executives may also be compensated with a mixture of cash and shares of the company which are almost always subject to vesting restrictions (a long-term incentive).

iii. **Long-term incentive plans (LIPs):** LIPs are intended to **promote long-term tenure** of service and are provided through Stock options like the ESOPs. To be considered a **long-term incentive** the measurement period must be in excess of one year **(3-5 years is common).** The vesting term refers to the period of time before the recipient has the right to transfer shares and realize value. Vesting can be based on time, performance or both. For example a CEO might get 1 million in cash, and 1 million in company shares (and share buy options used).

iv. Employee benefits: The purpose of the benefits is to **increase the economic security** of employees. The benefits include employer-provided or employer-paid housing, a chauffeured limousine, daycare, tuition reimbursement, sick leave, health insurance, vacation (paid and non-paid), group insurance (health, dental, life etc.), disability income protection, retirement benefits, social

security, profit sharing, funding of education, an executive jet, interest free loans for the purchase of housing and other specialized benefits.

v. Perquisites, or perks: The term perks is often used colloquially to refer to those benefits of a **more discretionary nature.** Often, perks are given to employees who are doing notably well and/or have seniority. Common perks are take-home vehicles, hotel stays, free refreshments, leisure activities on work time (golf, etc.), stationery, allowances for lunch, and—when multiple choices exist—first choice of such things as job assignments and vacation scheduling. They may also be given first chance at job promotions when vacancies exist.

Determinants of Compensation level: Depending on the structure and traditions of different economies around the world, Compensation level is either the product of market forces namely Supply and Demand for human resources, as is common in the United States, or the product of other factors such as tradition, social structure and seniority, as in Japan. Several countries have enacted a statutory minimum wage that sets a price floor for certain kinds of labor.

Strategic Compensation: Strategic compensation is determining and providing the compensation packages to the employees that are aligned with the business goals and objectives. In today's competitive scenario organizations have to take special measures regarding compensation of the employees so that the organizations retain the valuable employees. The compensation systems have changed from traditional ones to strategic compensation systems.

Cafeteria Compensation system: A Cafeteria Compensation plan is a flexible compensation package given to the choice of the employee subject to certain combination patterns. Cafeteria plan provides employees with the opportunity of choosing between one or more employee benefits and cash. The plan cannot provide for deferred compensation. The plan cannot include long-term care insurance as one of its options. Benefits under a cafeteria plan need not be employer provided benefits. They can be uninsured, pay as you go benefits handled through a flexible spending account. A flexible spending account is a bookkeeping account to which the employee elects to have cash amounts credited. The amounts credited to the spending account can either be employer contributions or salary reduction amounts elected by the employee. The advantage to the employee of participating in a flexible spending account is that,

if the employee funds the account with pre-tax salary reduction contributions, the employee is using pre-tax dollars to pay out of pocket expenses which would normally be paid with after-tax dollars. Amounts contributed to a flexible spending account must either be used to provide benefits, such as medical or dependent care benefits, or must be forfeited--the "use it or lose it" rule. Allowable Benefits Under Cafeteria Plan include: (a) disability, accident and sickness benefits other than a medical savings account; (b) group term life insurance; (c) dependent care assistance plans; (d) adoption assistance; (e) vacation pay; and (f)cash.

6. TRAINING AND DEVELOPMENT (T&D)

Training and development are an important function of the Human Resources Management. Training inculcates practical skill-orientation. It is about perfect execution through methodical dexterity of heart, head and hand or passion, brain and power. The outcome of training is development of the individual and the organization. Training and Development (T&D) constitute an integral part of Human Resource Development exercises of organizations.

Human Resources Development can be defined simply as developing the most important section of any business its human resource by, 'attaining or upgrading the skills and attitudes of employees at all levels in order to maximize the effectiveness of the Organization. Human Resources Development from a business perspective is not entirely focused on the individual's growth and development, but on 'development' that occurs to enhance the organization's value and vitality. Individual education and development is a tool and a means to an end, not the end goal itself. Training and Development are important for an organization's survival and success. An organization's primary focus must be on growth through employee development with emphasis on developing individual potential and skills. Adam Smith states, 'he capacities of individuals depended on their access to education'. Education and learning as seeds of training should help achieve development of Human Resources. Human Resources Development is not a defined object, but a series of organized processes, 'with a specific learning objective'.

Human Resources Development is at the core of organization's purpose, because, individual development, potentially satisfies the organization's and the nation's goals, besides helping the individual employee have better standard of

living through job achievement. The development of the individual will benefit the individual, the company, or the nation and its citizens. In the corporate vision, the Human Resources Development framework views employees, as an asset to the organization whose value will be enhanced by development.

A successful **Human Resources Development** program of an organization will prepare the individual employees to undertake a higher level (quality, vastness, diversity, complexity and cadre) of work. Organized learning over a given period of time will provide the possibility of performance enhancement. In this context Human Resources Development is the framework that focuses on the organization's competencies at the first stage, training, and then developing the employee, through education, to satisfy the organization's long-term needs and the individuals' career goals and employee value to their present and future employers.

Attitudinal Training: Training an employee to get along well with authority and with people who entertain diverse points of view is one of the focus areas of training. Talent, knowledge and skill alone won't compensate for a sour relationship with a superior, peer, or customer. Hence attitudinal adjustment training is as important as aptitude ascendance training.

Emphasis Areas: Training and development encompasses three main activities: **training, education, and development**. **Training** is that activity which is both focused upon, and evaluated against, the job that an individual currently holds. **Education** focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs. **Development** is that activity focusing upon the activities that the organization or the employee may partake in the future, and is almost impossible to evaluate.

Stakeholders of T&D: There are several "stakeholders" in training and development. They are: the business planners, senior managers, line managers, participants, the facilitators and the providers of T&D. The clients of training and development programs are business planners. The sponsors of training and development are senior managers. The line managers are responsible for coaching, resources, and performance. The participants are those who actually undergo the processes. The facilitators are Human Resource Management staff.

And the providers are specialists in the field. Each of these groups has its own agenda and motivations.

7. PERFORMANCE APPRAISAL & ENHANCEMENT

'You cannot manage what you cannot measure', it is said. There are some more clichés as to performance measurement: 'What gets measured gets done', 'If you don't measure results, you can't tell success from failure and thus you can't claim or reward success', 'If you can't recognize success, you can't learn from it; if you can't recognize failure, you can't correct it', 'If you can't measure it, you can neither manage it nor improve it'. Hence measurement of performance is a must. This needs some ground-works ready, viz., (i) Performance Measures for each of the Strategic Objectives of an organization, (ii) Leading and lagging measures, (iii). Expected targets and thresholds, (iv) Baseline and benchmarking and (v) Truly reflective measurements.

Performance is important for any being and the same has to be measured, compared against a standard and measures to monitor the same from dripping or tilting are needed. Besides in the present day competitive world performance enhancement is needed almost continuously even to keep one's current standing. Measurement of performance is necessary for performance management. Organizations must measure what is important and what is strategic.

To measure is to accord a number or symbol to the particular property or dimension of the entity that is assessed, with the number or symbol capable of depicting the scale of the property or dimension that is measured. Performance measurement is the use of statistical evidence to determine progress toward specific defined organizational objectives. Several things may be important so a 'family of measures' is needed in certain situations. A system of measures must be used to avoid sub-optimization of elements.

There are many types of measurements depending on what are measured, (i) concurrent measurement & predictive measurement, (ii) performance measurement & potential measurement, (iii) ability measurement & attitude measurement, (iv) skills measurement & behavior measurement, (v) efficiency measurement & effectiveness measurement, (vi) intelligence measurement &

emotional measurement and so on. The measurement process to be used must be clear-cut, unambiguous and useful to the purpose. Description of measurement must convey what is measured and what not measured. Units of measurement must tell the basic unit of measures.

Performance appraisal is a method by which the job performance of an employee is evaluated for its quality, quantity, cost time and class. A common approach to assessing performance is to use a numerical or scalar rating system whereby managers are asked to score an individual against a number of objectives/attributes. In some companies, employees receive assessments from their manager, peers, subordinates and customers while also performing a self assessment. This is known as 360° appraisal. The most popular methods that are being used as performance appraisal process are:

Management by Objectives (MBO), developed by Peter F Drucker, modern management guru of the 20th Century measures performance against measurable and verifiable objectives set jointly by the assessed along with his/her boss.
360 degree appraisal method solicits performance feedback from seniors (including the boss), peers and subordinates, other connected and competent stakeholders and also the very person assessed.
Behavioral Observation Scale measures how often employees or trainees display the preferred behavior.
Behaviorally Anchored Rating Scale (BARS) involves (i) splitting the job into its key performance dimensions (tasks), (ii) identifying a range of possible behaviors that can be displayed by an employee when he is undertaking the task, (iii) placing these behaviors on a scale ranging from ineffective to excellent performance. It assesses the employee against these scales for each of the task.
Traits Score measures performance at the input level like efforts put in, character exhibited, etc
Outcome Score is a measure what has been achieved in terms of quality, quantity, aggregate, individual and in relation to inputs
Balanced Scorecard (BSC) was developed by Dr. Robert Kaplan (Harvard Business School) and Dr. David Norton as a performance management

system. The BSC method of Kaplan and Norton is a strategic approach that enables organizations to translate a company's vision and strategy into implementation, working from four perspectives: (i) financial perspective, (ii) customer perspective, (iii) business process perspective and (iv) learning and growth perspective.
Performance Prism: The Performance Prism has five facets – the top and bottom facets are Stakeholder Satisfaction and Stakeholder Contribution respectively. The three side facets are Strategies, Processes and Capabilities.
TPM Process: Team-based Performance Measurement (TPM) systems is developed and tested based on a rigorous set of criteria adopted from constructive research theory as well as from existing performance measurement literature helpful in monitoring and managing team performance.
Total Measurement Development Method is also a specific for team-based productivity measurement method.

Need for Performance Appraisal: Measuring the performance of organizational participants is needed for various reasons, namely:

Enhance Ability to Recognize and Reward
Enhance Capacity for Individual Cooperation
Enhance Customer Satisfaction
Enhance Employee satisfaction
Enhance Continuous Process Improvement
Enhance Profitability
Enhance Reputation
Identify employee training needs
Enhance Creativity and Innovation
Document criteria used to allocate organizational rewards
Validate selection techniques and human resource policies
Provide the opportunity for organizational diagnosis and development
Form a basis for salary increases, promotions, disciplinary actions, etc.
Provide Feedback as measures are useless if not used as feedback.

Organizations are moving away from the long-established one-on-one appraisal or performance review with a boss once per year. Organizations are designing performance measurement systems that provide an individual with more frequent feedback from many points of view including peers, direct reporting staff members, and the boss. The process, known as 360-degree feedback, provides a more balanced set of observations for the employee.

Organizations with continued research efforts and the test of time structure and implement its performance measurement system. Several performance measurement systems are in use today. For example, the Balanced Scorecard (Kaplan and Norton, 1993, 1996, 2001), Performance Prism (Neely, 2002), and the Cambridge Performance Measurement Process (Neely, 1996) are designed for business-wide implementation; and the approaches of the TPM Process (Jones and Schilling, 2000), 7-step TPM Process (Zigon, 1999), and Total Measurement Development Method (TMDM) (Tarkenton Productivity Group, 2000) are specific for team-based structures.

The principle purpose of performance measures is to gauge progress against stated program goals and objectives, presupposing that the strategic program objectives are known. The starting point of measurement is a set of clear organizational goals. Both the Efficiency and the Effectiveness criteria need to be measured. First measure "Effectiveness" (Doing the Right Things), and second the "Efficiency" (Doing Things the Right Way). Listing the Potential Indicators of Performance Effectiveness and Performance Efficiency is first needed and then screening the Indicators and rating the Indicators and finally selecting one or a set of indicators with highest rating scores are needed. We have to begin with a reasonable set of criteria and metrics for the same and refine them as data are collected and experience is gained.

Performance enhancement is the ultimate thrust on every organized activity. Enhancement is making the human resources of an organization consisting of the managers and employees as star performers through efficiency enrichment, effectiveness enabling and excellence energized.

8. LEGAL ASPECTS OF HR MANAGEMENT

One of the most important environmental constraints on the job market and on the activities of Human Resource managers comes from the law. During

the twentieth century, national governments became law-making machines, creating a complex legal environment for businesses. Governments implement statutes for strategic reasons. National traditions have led to wide variations in legislation relevant to human resource management.

For instance, the **Roman-German system** prevailing in Austria, Belgium, France, Germany, Italy and the Netherlands places a **pivotal role on Government** in employee relations, guaranteeing a fundamental core of constitutional rights. The **Anglo-Celtic system** in the United Kingdom and Irish Republic provides for **a minimalist approach to the role of the State** with limited legislative protection. The **Nordic system**, covering Denmark, Finland, Norway and Sweden provides for a **'basic collective bargaining agreement'** between employers and unions which forms the foundation of employee relations. The state plays a limited role, intervening only at the request of the two parties. Law on Trade Unions, Industrial Disputes handling, Collective Bargaining, Workers Participation in Management, payment of minimum wages, payment of wages, payment of Bonus, Employee Provident Fund, Deductions from salary, Payment of Gratuity, Workmen Compensation, Maternity Benefit, Employee State Insurance, Apprenticeship, Employment Exchange (Compulsory Notification of Vacancies), Contract Labour engagement, Safety, Health, Equal Employment Opportunity, Employment Background Checks, International labour standards, Child labour prevention, dismissal procedures and remedies, employment of foreign citizens, etc.

Employing foreign citizens: Today´s work environment is becoming more and more diverse. People from other countries are coming to work and fulfill their dreams of citizenship and pursue career opportunities. There are many regulations that govern citizen and non-citizen requirements for working in different nations. Employing foreign citizens need attention on:

(i) Avoiding visa problems with a solid understanding of the rules and which nonimmigrant visas are available, help the organization to select the correct one for the situation

(ii) Knowing how to file the correct paperwork prevents delays and interruptions in employment by avoiding the most common pitfalls

(iii) Adhering to proper procedures by knowing exactly what you need to report makes sure the documentation can stand up to scrutiny.

Terminating Foreign citizens: Legal requirements involve, informing the immigration office of the concerned country, the banker, healthcare insurance provider, landlord and other service providers about the company's disassociation with the employee. If possible, arrangements should be made to ensure that the terminated employee take the flight to his home country. This is to ensure that the concerned employee doesn't stay illegally in the country or commit any crime before leaving the country.

Legal issues involved in termination of employment are vital for both employer and employees. Practical implications of these issues for employers and employees are many. There is no general protection against arbitrary dismissal from employment in the west despite many have laws protecting employees from arbitrary dismissal.

Human resource managers need to understand and stay current with the laws and regulations governing every aspect of HRM from recruitment to separation.. Law relating to hiring practices, payment of wages and overtime, personnel files, performance evaluation and discipline need to be well known to the Human Resources professionals.

9. SEPARATION MANAGEMENT

Employee separation is a natural part of the employee life cycle. Whether caused by voluntary resignation, retirement or company induced termination, employee separation needs to be efficiently managed by HR with sensitivity, discretion and speed so that separation happens without burning bridges with the employee. The alumni are the most effective brand ambassadors for the organization's brand equity. Exiting employees, present an opportunity to glean a wealth of valuable feedback and insights on the organization's strengths and weaknesses. Not all separations are the same. Some are more 'regrettable' than the others. Knowing this is vital to understand when is it worthwhile to go an extra mile in trying to retain a separating employee. There must be: clear separation policy, succession planning and creation of an alumni community and social networking.

Employee Separation is one of the very important and crucial function or process of HR Department. This process, if not handled in an efficient manner, can lead to various operational and legal complications.

Broadly speaking, in normal scenarios the separation between employer and employee can be due to any of the following:

Resignation	Employee decides to leave the organization
Termination	Employer decides to break the contract of employment.
Absconding	Leave without tendering resignation or following due process.
Unavoidable	Separation due to death in harness, disablement, etc
Retirement	Separation on reaching a certain age or Golden Hand-shakes or VRS

Resignation: In resignation the employee uses his right to sever his contract of service with the organization. It allows an employee to submit an on-line or off-line separation request. The separation request is sent for approval by authorities and after confirmation of separation, the termination process is completed. On creation of a separation request, the notice period is automatically applied and the difference between the period required and notice given as per the requested date of relieving is computed. When the supervisor accepts a request on which the notice given is inadequate options to adjust against leave or waive the difference or deduct notice pay is provided. Decision of resignation cannot be challenged in a court of law.

Termination: In termination the employer uses his right to terminate the contract of an employment. There can be many reasons (such as Non-Performance, Indiscipline, Misconduct, Insubordination, etc) for an employer to terminate the contract of employment. There must be due process of separation so that it can stand the process of law of the land governing such actions as decision of termination can be challenged. Employee should be given the letter of termination clearly specifying the reasons of termination.

Absconding: Absconding is one of the most unethical, unexpected and unprofessional ways to sever the contract of an employment. In this, on one fine day an employee decides not to go to work. He does not care to hand-over his stuff. In case an employee decides to abscond (or run-away), it becomes very important to understand his motives and intentions which could be (i) stealing the confidential information or documents or database, (ii) commit a crime, (iii)

inability to cope-up, (iv) refusal of the employer for relieving the employee from employment or (v) personality factors.

Unavoidable: Unavoidable causes of separation are many and diverse. Premature death, Disablement caused by accident or illness could the reasons.

Retirement: Retirement is a form of separation which happens on the employee reaching the prescribed age when physical conditions demand the employee to rest and doesn't toil any more. The retirement with a pension is considered a right of the worker in many societies. The retirement age varies from country to country but it is generally between 55 and 70 years. In some countries this age is different for males and females. Sometimes certain jobs, the most dangerous or fatiguing ones in particular, have an earlier retirement age. Many politicians, doctors, scientists, lawyers, television anchors, and professors still work well into their 70s, however some actors, actresses, models, athletes, and musicians only work until their 30s. There can be **planned retirements** which are mutually agreed upon staff reduction under various circumstances like organizational restructuring, management change due to Merger or Acquisition and such other reasons. Voluntary retirement scheme (VRS), Golden Hand Shakes, etc come under the category.

10. PERSONNEL AUDIT

Personnel audit is an exercise which is carried out periodically to examine the soundness of administration of human resources in an organization which needs monitoring and collecting information, their analysis and assessment of the efficiency with which human resources the organization uses. The main goal is to find, vouch and establish means and methods to improve the employees' performance and job satisfaction. The domain of personnel audit is much more comprehensive than the annual statutory financial audit. Personnel audit requires the study of the human resources system within the organization on different hierarchical levels.

Personnel Audit is an examination and attestation of the personnel related transactions of an organization to assure that the correct statistical data are recorded, the correct procedure is followed, the correct compensation level is involved, that monitoring of performance is employed and so on. Specific data relating to each individual employee are captured and audited.

Personnel audit has several components, namely, **Recruitment audit, Payroll audit, Occupational health and safety audit, Efficiency audit, Performance audit and Management audit**.

Recruitment audit should verify that the manpower plans and requirements are met by the recruitments effected. It must also see that due process of notification vacancies, reservation norms, communication of interview and other process of employee selection are followed. The efficiency of recruitment over the years by cadre of employment, by source of recruitment, by method of selection, etc are studied and the 'best ones' are established for future adoption.

Payroll audit should verify employee wages to determine if paid wages are in accordance with hiring terms and to verify other payments to employees that should have been recorded as wages are recorded as such so that there is no understatement of payroll tax liabilities of the firm and understatement of taxable income of the employee.

Occupational health and safety audit involves examination and review of the health and safety related documentation, standards and systems, interview of selected staff, enquiry of accidents and hazards, verification of safety and precaution in force at the workplace and so on.. The audit of an OH&S program covers: (i) Leadership and Administration; (ii) Hazard Identification, Assessment and Controls; (iii) Safe Job Practices and Procedures; (iv) Education and Training; (v) Workplace Inspections; (vi) Occupational Health and Safety Committee; (vii) Accident/Incident Investigations; (viii) Communications; (ix) Emergency Preparedness; and (x) Disability Management.

Efficiency audit is about examination of efficiency staff members, individually and collectively, by group and division.

Performance audit is about examination and reporting of performance contours and performance levels of every entity and sub-entity. This helps in review of performance standards and measurement as well

Management audit of Human Resource Management involves thorough examination every strategic, tactical, technical, legal and transactional policy, program, practice and procedures of tasks and activities of HRM.

B. OPPORTUNITIES FOR GLOBALIZING HR OPERATIONS

Globalization influences organizations that compete for customers with high expectations for performance, quality, and cost. To meet this a truly Global economy is needed. Global economy is one whose strategic core objectives including innovation, finance and corporate management function on a global planetary scale on real time. That means people can deal with the whole world 24 hours a day', says **Martin Carnoy of Stanford University.** Globalization is the creation of international strategies by organizations for overseas expansion and operation on a worldwide level precipitated by many factors, including rapid technology developments that make real-time global communications possible, political developments such as the fall of communism and emergence of a converged politico-economic integration, transportation developments that make not only traveling faster and more frequent, but also logistics a seamlessly monitor-able function even thousands of nautical miles away and above all human resources willing to fly seas and work in alien lands away from home-countries and culture.

Global People Management: While the original drivers of modern management like functional specialization and organizational efficiency are still much in evidence, in the 21st century the emphasis has moved to the key areas of competence such as **'people management'**. Global competition has heightened the need for rewriting the global economic order, repositioning corporate response with real-time speed and spontaneous flexibility and rebuilding infra-structure and supra-structure for global market. Ali this hinges on refocusing human resources development with right education, knowledge and skill and **competing for acquiring, sustaining and retaining Talents – Managers and Executives.** Managing the **'skill-set'** to achieve a cutting edge **'competence class'** across the organization is the focus now necessary for achieving a superior competitive position with lower operating costs in other countries and access to new raw materials, resources, and investment opportunities translating into greater development opportunities for companies with access to newer additional markets aided by greater customer harmonization shared cultural values leading to convergence of desires and hence needs and hence products.

Opportunities Abound

Opportunities in Global HR Strategies, Global Staffing, Global Assignments, Global Compensation, Global Cultural Sensitization and Global Employee Relations need to be sought and reaped.

Opportunities in Global Human Resources (HR) Strategies: Any particular thing cannot cast a global spread unless it unfolds opportunity for all the stakeholders simultaneously, if not symmetrically immediately. Global HR strategies are of this class unfolding opportunities for global concerns in many ways of achieving global competitiveness. Hence MNCs vie for evolving global HR Vision and Guidelines manifesting in the form of World-wide HR policies that apply to all employees regardless of location. Worldwide standards for senior management in evaluation, compensation and development are the milestones en route towards a global human resource strategy. The existence of structures such as an international HR policy committee, regular cross-border international networking amongst HR managers or international monitoring of a range of HR data has a strong and consistent link with many aspects of employment practices of world MNCs. The impact of such international HR structures is particularly felt in policies on pay systems and performance management, and in promoting organizational learning and the diffusion of innovative practices across· national borders. This has resulted in **enhanced mutual orientation**, **reduced narrow-minded behavior, heightened global spread of talents and increased worldwide cooperation leading to development**. MNCs must leverage their worldwide H.R. function as a source of competitive advantage.

Opportunities in Global Staffing: In today's fast moving world a global search-reach is a real competitive advantage. Hugely talented HR gets spotted only through a global search. Global Staffing requires a huge repository of personnel profiles, carrying all essential details, on a server using specially designed software. It helps in providing effective global staffing solutions, as it facilitates selective searching and matching, based on the desired criteria. A large database with a vast number of records, segregated into broad categories and further subdivided into multiple areas, ensures finding quickly the 'best-fit' for positions. Now there is more awareness on the part of global employers and global job seekers and the global staffing solution providers or professional recruitment consultants. A world of choices is opened to each of these categories. The role of

global staffing solution providers or professional recruitment consultants is great as they maintain extensive repository of both the 'supply' and 'demand' side profiles with considerable research background. Pitfalls must be avoided by learning. Many put forth a strong argument for companies to abandon the 'Headquarters' mentality and allow subsidiaries more freedom. The main point that MNCs must learn is that the HR policies followed at home may not be applicable in the host country. There are some alternative approaches with different results.

Appoint home country nationals to lead the foreign subsidiary is an **'ethnocentric approach'** more common in the early stages of internationalization. Many Indian companies are in this stage.

The **'polycentric approach'** involves appointing a host country executive along with a home country executive to support or vice-versa. This eliminates the problems associated with the ethnocentric approach while the benefits of local country management are reaped. E.g.: US MNC's P&G, Pepsi, Coca cola and the Indian MNC Ranbaxy.

The third one is **'Meritocracy approach'** wherein the identified best person for the job irrespective of the nationality is given the mantle. The results are mixed. E.g.: Nestle, Unilever, HP, Nortel.

The fourth approach is the **'Merit-cum-Familiarity'**, appointing the best host country national who has worked in the home country or at the headquarters. This is a variant of the third approach. This approach is the most mature & successful for a global company. Brooke & Buckley recommended this option for mature multinationals to achieve a global perspective. E.g.: Intel, Microsoft, Oracle, Sun Microsystems.

Opportunities in Global Assignments: As organizations globalize their operations, there is a heightened need to identify and select qualified personnel for overseas assignments. The increased complexity of these foreign assignments necessitates a recalibration of the traditional selection procedures and processes used in the past. In particular, there is some evidence that expatriation becomes strategic as organizations increasingly grow and compete globally. Therefore, the critical issues, which arise as expatriates' assignments evolve into a global

assignment scope, must be viewed in a systematic manner. Global assignments provide vastly different and ample opportunities for grooming one's personality as one is has to work in a socially, culturally, politically and economically different environment. Anglo-Dutch Unilever has long set a high priority on human resources. H.R. has a seat on the board's executive committee and an organization that focuses on developing in-house talent and hot-housing future leaders in all markets. The result is that 95 percent of Unilever's top 300 managers are fully homegrown. Internationalization is bred into its managers through job content as well as overseas assignments. Since 1989, Unilever has redefined 75 percent of its managerial posts as "international" and doubled its number of managers assigned abroad, its expatriates, or "expats."

The diversity in the environment may be very extreme or marginally different. Whatever it is, seeing this as an opportunity always benefits one career-wise. There could be cultural shock, career-shift, break of social-network and personal sacrifices. But the opportunity helps executives, managers and human resource professionals to leverage each international assignment into a tool for competitive advantage. True every international job assignment surely helps those with a positive frame of mind. The expatriates must look beyond the logistics and family concerns. Now-a-days with air-transport and tele-communication developments, global assignments are not that disrupting as it used to be.

Opportunities in Global Compensation: Planning, Designing and Implementing global compensation system is an opportunity for MNCs to harness the Human Resources. Organizations with global compensation plans need to manage intricate data privacy regulations and differing cultures, currencies, and languages. Global organizations that take a centralized approach to compensation can realize the benefits of standardization like budgetary compliance, transparent compensation review processes, consistent policy, less complicated data base, etc. At the same time accommodating flexibilities for local currencies, languages, calendars, and cultures is needed. A key factor in retaining top talent in multiple geographies is showing value and respect for local cultures. Making an investment in a system that offers the flexibility to account for these variations demonstrates a degree of sensitivity to the needs of global employees that underscores the corporation's interest in retaining and promoting employees around the globe. Linking rewards and results is a broad

pattern followed. High performing companies provide more opportunity for above-market compensation.

The **major objectives of Global HR policy** reported by high performing MNCs for their global compensation are: Improving attraction and retention of key talent; Ensuring a consistent link between rewards and results; Improving governance of compensation policies, implementation and administration; Developing a common corporate compensation culture; reducing overall HR costs; and adapting a global HR strategy to local culture as well. The global compensation solution must assist in addressing business, cultural, and legal requirements.

Opportunities in Global Cultural Sensitization: Cultural sensitization can be loosely described as an understanding and knowledge of different cultures and cultural artifacts such as festivals and sports, speech patterns, accents and nuances, national and individual identities, history and perceptions. Cultural sensitization becomes very critical in ensuring the success in international assignments of expatriates. Helping employees in MNCs understand the context and the relevance of cultural diversity and to sensitize them on issues related to cultural diversity assumes great significance in today's global business. This facilitates easy managing of cross-cultural negotiations in global business.

Acquaintance with the major cultural traits, behavioral patterns and mind-sets of people in selected nations, awareness of the "dos and don'ts" while working in global teams are needed for managers working at senior and middle levels. Adaptability of expatriates to host culture in terms of: (i). Getting along with people; (ii) Understanding cultural differences, (ii) Being open-minded rather than restrictive to cultural activities, (iv) Quick Adjustment to new situations, (v) Tolerance for alien cultures, (vi) Receptivity to new ideas and social situations, (vii) Ability to learn foreign languages and (viii) Interest in facts rather than blind belief in assumptions, is very much needed. Now the world is fast changing. In the inter-connected world, cultural differences are becoming less pronounced through long periods of cultural exchanges and exposures. On few core aspects, cultures might differ significantly. Coming to business there is more adaptability to the host situation where business interests are more.

Opportunities in Global Employee Relations: Global assignments have become increasingly important both for corporate competitive advantage and for individual career development. While on an international assignment, the global manager may need to manage labor relations in host countries. The human relations system in organizations in the western countries has historically witnessed both union and non-union approaches. Most MNCs are generally claimed to have taken an anti-unionist stance. State intervention has generally been very limited but seeks to bring more order and stability to the relationship between labour and employers, while still leaving space for company-led strategies and policies. On the basis of available research evidence, 'American companies are inclined to be anti-unionist in their international operations, showing a preference for avoiding collective labour organizations where they can, and minimizing their influence where they cannot. In addition to non-unionist tactics, US companies are also known to use various innovative methods, developed to gain labour's commitment while keeping unions at bay. Countries differ very much in this regard. But world-wide, trade unions seemingly have lost most of their power particularly in comparison to their position in the 1960s and 1970s. But labour welfare had not declined anyway. Quality of work-life has enhanced. Companies must seize the opportunity to enhance productivity through better relations.

C. CHALLENGES IN GLOBALIZING HR FUNCTIONS

Creating an effective global work force means knowing when to use "expats," when to hire "locals" and how to create that new class of employees -- the "glopats." There are challenges. We have to accord overseas postings the same high priority as other important business assignments. Match the candidates' hard skills, soft skills, cultural background and interests with the demands of the post and location. An American manager who studies tai chi and Asian philosophy, for example, is more likely to succeed in China than one who coaches Little League.

Challenge of Scarcity of qualified managers: The scarcity of qualified managers has become a major challenge for MNCs and that a constraint on the speed with which MNCs can expand their international sales. The growth of the knowledge-based society, along with the pressures of opening up emerging markets, has led cutting-edge global companies to recognize human resources and intellectual capital much more than the financial assets. The challenge is

bridging the yawning gap between rhetoric and reality of HR needs. H.R. must now be given a prominent seat in the boardroom. There is dearth of savvy, trustworthy managers for their overseas markets. This holds true for companies across the technology spectrum, from software manufacturers to textile companies that have to manage a global supply chain. The pressure is more on these newly globalizing companies belonging to emerging markets like India, Brazil, etc.

To deal with this challenge in-house development is best suited. Employees who show the potential to move up significantly must be quickly earmarked for the "Development" list, where their progress through the pools -- company, national, business group and/or region, global, executive committee -- is guided not only by their direct bosses but by managers up to three levels above. Such grooming raises a reservoir of home grown managerial talents.

Challenge of managerial immobility: Most multinational companies do not have the leadership capital they need to perform effectively in all their markets around the world. One reason is the lack of managerial mobility. Neither companies nor individuals have come to terms with the role that managerial mobility now has to play in marrying business strategy with H.R. strategy and in insuring that careers are developed for both profitability and employability.

This challenge needs to be dealt effectively. Managers' willingness to move to new locations is not static as their ability and experience change. In today's global markets mobility should be viewed as a graduated scale, a pyramid, and constantly reassessed because of changing circumstances in managers' lives and company opportunities. This will encourage many more managers to opt for overseas assignments and open the thinking of line and H.R. managers to different ways to use available in-house talent. Managers can move up and down a mobility pyramid at various stages of their career, often depending on their family and other commitments. Young single people or divorced managers, for example, may be able and eager to sign up for the 'glopat' role but want to drop to a lower level of the pyramid if they wish to start or restart a family life.

Challenge of Ethnocentricity: In most multinationals, H.R. development policies have tended to concentrate on nationals of the headquarters country.

Only the brightest local stars were given the career management skills and overseas assignments necessary to develop an international mindset. The chief executives of many United States-based multinational companies are most ill-prepared to develop candidates for the most important posts across the globe because H.R. directors rarely have extensive overseas experience and their managers often lack business knowledge. Also, most H.R. directors do not have adequate information about the brightest candidates coming through the ranks of the overseas subsidiaries. Companies tend to consider nationals of their headquarters country as potential expatriates and to regard everyone else as 'local nationals'. Insufficient attention and budget are devoted to assessing, training and developing the careers of valuable 'local nationals' already on the company payroll. This mind-set challenge is very dangerous and short-sighted. In an increasingly global environment, cultural sensitivity and cumulative skills are what count. And these come with an individual, not a nationality.

Challenge to the bottom lines: Lack of world-wise multicultural managerial talent is now biting into companies' bottom lines through high staff turnover leading to high training costs in a stagnant market shares associated with failed joint ventures and mergers and the high opportunity costs.

Challenge of Building Global HR database: Global H.R. policy has to be based on a global database. MNCs now have many more strategic posts scattered around the globe and must monitor the career development of many more managers. They however are neglecting the middle managers in the country markets and potential stars coming through the ranks. This myopic management is no good. I.B.M. is an exception as its global database covers all employees worldwide who can deliver the skills that IBM banks on.

Challenge of instituting a succession planning: Every manager in a lifeline job should be required to nominate up to three candidates who could take over that post in the next week, in three months or within a year, and their bosses should sign off ofi the nominations. This should go a long way toward solving succession questions, but it will not resolve them completely. The problem in large multinational companies is that many of today's successors may leave the company tomorrow. In addition, managers name only those people they know as successors. Third, the chief executives of many multinational companies keep their succession plans -- if they have any -- only in their heads. This seems to

overlook the harsh realities of life and death. A better approach is that having a written list with the name of a successor for every position.

Challenge of retaining talents: Executive continuity has lot many benefits to a company like a cut-down on turnover, recruitment and opportunity costs. International competition for talent intensifies with globalization. It is important for companies to retain their good managers. Monetary incentives are not sufficient: the package must include challenge, personal growth and job satisfaction. Finding exciting challenges for returning expats is another problem. About 20 percent of United States expatriates quit their companies within one year of repatriation, often because their newly acquired overseas experience is disregarded

A policy should be adopted that invites employees to grow with the company, in every market. Overseas assignments and cross-border task forces are excellent ways to challenge, develop and retain good managers. They can also be awarded as horizontal "promotions." Unilever has long had a policy of retentive development and manages to hold on to 50 percent of its 'hi-fi'yers.

European HR trends

Europe accounts for one-tenth of the world's population. Two-thirds of Europeans live in countries that are members of the economic federation known as the European Union (EU). The proportion of the population (aged 15-64) who are employed in the EU is just 66.0%, compared to 69.3% in Japan and 71.5% in the USA. The average employee in the EU works for 38.5 hours per week, 18% of the EU's working population works part-time, 14.8% are on temporary contracts and 5.1% of employees started their job in the last 3 months. 12.9% of the population aged 15-64 have undergone tertiary education and almost 10% of the EU population aged 25-64 takes part in lifelong learning activities. EU citizens spend 12.2% of GDP on pensions and their average retirement age is 59.9 years.

HR policies and strategies checklist: The focus for HR strategy over the last decade has been to find an ever-widening range of methods to cut costs and improve operational performance. These tend to be carried out irrespective of the current stage of the economic cycle or a company's relative competitive position. Options which were once regarded as either in or out of fashion are now being

assessed purely on their merits, and are being swiftly adopted if they seem likely to succeed.
We have entered an era of corporate perfectionism in which almost anything is possible. The prevailing aim of companies is not just to be more efficient and effective than their business rivals, but to be so good that it will be dangerous for competitors to try to emulate their achievements.
Cost saving: Reduction of operational costs: redundancy - delayering - pay cuts and freezes - increasing variable pay as percentage of total pay - recruitment freezes - outsourcing - removing 'deputy' posts - gain sharing - rationalizing company car policies - maximizing grants or subsidies.
Control of overheads: relocation to lower-cost centres - use of teleworkers - cutting benefits - rationalizing back-office functions - expense account audits - trimming expense budgets - extending the working day.
Limitation of future liabilities: changing from defined benefit to defined contribution pension schemes - removing incremental pay scales - curtailing 'grade creep'.
Pain sharing: board pay cuts - HQ downsizing - single status facilities - limiting top management severance packages - outplacement counseling.
Operational flexibility
Job flexibility: job design - flexible working hours - annual hours contracts - time off in lieu (TOIL) - time banking - part-time working - fixed-term contracts - multi-skilled work teams.
Pay and benefit flexibility: profit sharing - employee share ownership - share options - self -service benefits.
Operational flexibility: time management - improving managerial leverage - the 24/7 workplace - use of freelance and temporary staff - suggestion schemes.
Human capital
Encouragement of lifelong learning: individual learning accounts - action learning – e-learning - mentoring.
Retention of know-how: strategy for older workers - staged retirement - removing age barriers - knowledge management - developing knowledge banks.
Promotion of equal opportunities: removing glass ceiling - equality training - equal opportunities monitoring - diversity policies - positive action.
Promotion of health and fitness: in-house fitness centres - discounts on external facilities - stress counseling - company sports teams - regular medicals.

Performance effectiveness

Use of performance management methods: benchmarking - process reengineering - management by objective - employee appraisal - upward feedback (360 degree feedback) - decentralization - empowerment - delegation - quality circles - open door policies - performance incentives - supply chain management - HR systems integration - data mining and warehousing.

Improvement of recruitment process: student sponsorship - on-line recruitment - automated CV scanning - background checks - positive vetting - verification of CV data - University ratings - personality/literacy testing - assessment centres - head-hunting - succession planning.

Reduction of absenteeism: attendance bonuses - wellness programs - surveillance of those on long-term absence - motivational programs.

Prevention of fraud and theft: expense claim audits - cctv scanning - whistle-blowing schemes - amnesties - forensic audits.

Further important elements in HR management: 'Softer' policy concerns and personnel administration, together with legal compliance and the avoidance of litigation. Increased board visibility and accountability have become areas of concern following recent exposures of corporate irregularities such as the Enron affair. Data privacy and security are also becoming more significant issues and are making the application of HR policies a much more complex task.

Corporate culture

Family-friendly workplace: work/life balance - childcare - eldercare - parental leave - emergency leave - term time working - job sharing - flexible working arrangements - sabbaticals.

Corporate governance: annual social and environmental reports - remuneration committees - independent reviews - visibility and accountability of corporate boards.

Localization: support for local events - service contracts with SME's - replacement of expatriates with local employees - environmental improvement schemes.

Employee welfare: Dutch-style services - hospital visits - disability counseling - company social functions - attendance at funerals - long service awards - flowers on birth of employee's children - car-sharing initiatives - season ticket loans.

Legal and ethical compliance

Safety: statutory obligations - codes of conduct - safety training - health and safety audits - joint committees - safety signs - emergency procedures - alcohol

and drugs testing.

Employment: statutory obligations - custom and practice - codes of conduct - disability quotas - collective agreements - works councils - European work councils.

Privacy and security: codes of practice - data security standards(ISMS) - international transfers of personal data - email monitoring - subject access procedures - emergency planning - biometrics - workplace security zoning.

Personnel accounting: tax compliance - payroll procedures - IAS 19 - remuneration committees.

Community: corporate social responsibility (CSR) - work experience - student exchanges - sponsorship.

Review Questions:-

1. Present an overview of developments in HR in the recent years.
2. Explain the concept and need for Manpower planning.
3. Explain the recruitment function of MNCs.
4. Discuss the concept and important steps in employee selection
5. What is induction and orientation? State its importance.
6. Explain the importance of Compensation management.
7. Present the significance and scope of Employee Training and Development in MNCs.
8. What is Performance Appraisal & Enhancement? How are these carried out?
9. Legal Aspects of Personnel become more important. Discuss.
10. Give an account of HR Operative Functions in an MNC.
11. What is Separation Management? Examine its importance.
12. Explain the significance and coverage of Personnel Audit.
13. Present the opportunities for globalizing HR operations.
14. What are the challenges in globalizing HR functions?

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UNIT II
GLOBAL HR RECRUITMENT AND SELECTION

Syllabus covered: Global HR Recruitment and Selection: Home - Host – Third Country nations – Selection criteria for global placement – Selection process for global HR – Challenges of global placements.

The objectives of this lesson are:

i. To present Global HR Recruitment practices and trends
ii. To present Global HR selection methods
iii. To present Choices between host and guest country personnel
iv. To present Preferences for third-country nations for positions in MNCs
v. To present Selection process for global HR
vi. To present Challenges of global placements

Recruitment is the process of attracting employees from outside the organization. It is called an 'additive' function as it is interested in getting as many applicants as possible for a position. Recruitment is the process of attracting prospective employees and stimulating them for applying job in an organization. Recruitment involves attracting, inducing and prompting to apply for job openings in an organization. Recruitment forms the first stage in the process of procurement of employees. The term 'recruitment' applies to the process of attracting potential employees to the organization or company. It is the process of attracting qualified applicants for a specific job; the process begins when applications are brought in and ends when the same is finished. Recruitment makes it possible to mobilize to reach the number and types of people from whom the organization wants to choose from. Thus the result of recruitment is a pool of applicants, from where the appropriate candidate can be selected.

Selection is the choosing the right candidates from among the pool of candidates attracted through the recruitment process. Selection is called a 'subtractive' function as it tries to weed the 'unfits' out and retain the 'fit' in. Together the 'Recruitment and Selection' process equips the organization with talented talents with which the organization's goal of wealth maximization is achieved through the best talents who will in turn:

(i) Source the best resources, process and technology,
(ii) Contribute best of hand, head and heart

(iii) Consolidate major growth avenues and sinews and
(iv) Secure ascendance in goal-achievement.

A. GLOBAL HR RECRUITMENT

The basic purpose of recruitment is to develop a group of potentially qualified people to apply. The importance of having efficient and effective procedures for recruitment can hardly be exaggerated.

As organizations are global, recruitment has to be global. Global recruitment is casting the net wide to induce the talented people from world over to apply for job openings. If global organizations are able to find people globally who consistently fulfill their roles and are capable of taking on increased responsibilities, such organizations are immeasurably better placed to deal with global opportunities and global threats arising from their operating environment than competitors. Unless the right type of people is hired, even the best plans, organization designs and control systems would not do much good for global organization.

Merits and Demerits of Different Sources of Global Recruitment and Selection

Basically there are two main sources of recruitment, namely, (i) Internal Sources and (ii) External Sources for any MNC organization. The internal source would extend to the entire MNC – parent and subsidiaries include\d. the external source could include home nation alternatives, host nation alternatives or all-nation alternative sources. The merits and demerits are tabled below.

Internal Sources: Internal sources refer to the present working force of a company. Whenever any vacancy occurs, somebody from within the organization are upgraded, transferred, promoted or sometimes demoted.

Filling a vacancy from internal sources has the advantages of increasing the general level of morale of existing employees and of providing to the company a more reliable information about the candidate's suitability on the principle that a work test is the best test. The major weakness of this source is that the inbreeding which it results in may deprive the organization of a fresh outlook, originality and initiative which the outsiders usually bring in and which are very important in today's competitive economy. Internal sources for a global organization could be the same unit or other subsidiary units or the parent head-office. The benefits of different modes are tabled below.

Category	Same Unit	Other Subsidiary	Parent Unit
Present permanent employees	**Benefits:** Understanding, work culture, adaptability and socialization have no problems. **Drawbacks:** Inbreeding, status-quoism, conformity, lack of novelty, etc would exist. For a global organization this may not be the preferred one, because there is no increment to multi-culturalism.	**Benefits:** Multi-culturalism, diversity of talents, flow of divergent ideas, new organizational styles and the like possible. **Drawbacks:** Problems of slow socialization, adaptability, cultural shocks, etc exist.	**Benefits:** Head office culture can get a fast spread. Flow of constructive new ideas possible. **Drawbacks:** Problems of slow socialization, cultural shocks, adaptability, etc exist. Head office stereotypism may get spread.
Present temporary/ casual employees			
Retrenched or retired employees			
Dependents of deceased, disabled, retired			
Present apprentices			

External Sources: Organizations have at their disposal a wide range of external sources for recruiting personnel. External recruitment is often needed in organizations that are growing rapidly or that have a large demand for technical skilled or managerial employees. External sources provide a large pool of talent and they prove to be cheaper, especially when dealing with technical or skilled personnel who normally do not offer any training. External sources include:

Category	**Home (i.e., Parent) nation**	**Host (that is , Subsidiary's) nation**	**Any nation, any continent**
Educational and Training Institutes	**Merits:** Cultural diversity, Control exertion, parent body's style of Management, etc	**Merits:** Absence of any Cultural related problem, localized control exertion, emergence of	**Merits:** Enhanced cultural and talent diversity, more applicants and wider pool to
Private Employment Agencies/ Consultants			

Public Employment Exchanges **Professional Associations** **Data Banks** **Casual Applicants** **Similar Organizations** **Trade Unions**	possible. **Demerits:** Cultural shock, lack of familiarity with local conditions, problem of mutual understanding, etc possible. Limited applicants.	alternative style of Management, etc possible. **Demerits:** Cultural stereotypism, lack of opportunity for flow of divergent ideas and Limited applicants.	choose from, emergence of newer management styles, etc possible. **Demerits:** Cultural shock, lack of understanding among the diverse streams, long period of socialization, etc

Divergent Sources

Findings of the various surveys conducted in foreign countries reveal that various organizations use the following sources of recruitment are followed in practice. Employee referrals, Labor contractors, Candidates introduced by friends and relatives, Casual applicants, Advertising, Local/National/Global educational institutions, public employment exchange, private employment exchanges, labor unions, Citizens of the soil, Specified communities and categories, International sources, Expats, Non-resident citizens, etc.

The recruitment industry has four main types of agencies:

(i) Employment agencies,
(ii) Recruitment websites and job search engines,
(iii) 'Headhunters' for executive and professional recruitment, and
(iv) In-house recruitment. The stages in recruitment include sourcing candidates by advertising or other methods, and screening and selecting potential candidates using tests or interviews.

Employment agencies

Also known as recruitment agencies, employment agencies have historically had a physical location. A candidate visits a local branch for a short interview and an assessment before being taken onto the agency's books. Recruitment consultants then work to match their pool of candidates to their clients' open positions. Suitable candidates are short-listed and put forward for an interview with potential employers on a temporary or permanent basis.

Compensation to agencies: Compensation to agencies takes several forms, the most popular:

i. A contingency fee paid by the company when a recommended candidate accepts a job with the client company (typically 20%-30% based and calculated of the candidates first-year base salary), which usually has some form of guarantee (30-90 days standard). If the candidate fails to perform and is terminated within a set period of time there is refund requirement.

ii. An advance payment that serves as a retainer, also paid by the company, non-refundable, paid in full depending on outcome and success (eg. 30% up front, 30% in 90 days and the remainder once a search is completed). This form of compensation is generally reserved for high level executive search/headhunters

iii. Hourly Compensation for temporary workers and projects. A pre-negotiated hourly fee, in which the agency is paid. The applicant is paid as a consultant for services as a third party. Many contracts allow a consultant to transition to a full-time status upon completion of a certain number of hours with or without a conversion fee.

Sourcing for candidates

Sourcing of candidates is the first function in recruitment. Sourcing for candidates is performed by either the recruiter (the company personnel be it an internal corporate recruiter or external specialist agency recruiter) or a dedicated recruiter just focused on the sourcing function. Temporary, contingency and executive search firms have provided staffing services for many decades.

Sourcing for candidates refers to proactively identifying people who are either a) not actively looking for job opportunities **(passive candidates)** or b) candidates who are actively searching for job opportunities **(active candidates),** though the industry also recognizes the existence of **'active candidate sourcing'** using candidate databases, job boards and the like.

'Active candidate sourcing' techniques include:

(i) Using Boolean operators on major search engine sites (Google, Live.com, Yahoo!, etc) to identify potential candidates who might meet the criteria of the position to be filled based on targeted keywords. Example string in Google: "SAP consultant" (resume | CV | "curriculum vitae").

(ii) Searching for candidates in job boards (e.g. Monster.com) using keywords related to the position requirements.
(iii) Looking in own recruitment database.
(iv) Networking with individuals to uncover candidates. This includes the use of social networking tools and sites such as LinkedIn.
(v) 'Phone sourcing' or cold calling into companies that might contain individuals that match the key requirements of the position that needs to be filled.

'Reactive candidate sourcing' techniques include:

(i) Reviewing candidates who have applied to positions through the corporate/agency web site
(ii) Processing an employee referral
(iii) Corporate recruiter receiving candidates from employment agencies
(iv) Screening candidates at a career fair

'Candidate sourcing' activity typically ends once the name, job title, job function and contact information for the potential candidate is determined by the candidate sourcer. This is **'primary sourcing'.** To further develop a list of names that were sourced some companies have a second person then reach out to the names on the list to initiate a dialogue with them with the intention of **pre-screening** the candidate against the job requirements and gauging the interest level in hearing about new job opportunities. This activity is called **'candidate profiling'** or **'candidate pre-screening'**. This is '**secondary sourcing**'.

Dual functionary

The same person may perform both 'primary' and 'secondary' sourcing tasks to identify candidates as well as the candidate profiling to further pre-screen candidates. Nowadays, there is a growing focus on 'phone sourcing', 'internet sourcing/researching' and candidate profiling. Phone and internet services are extensively used in global HR practices. The distance factor, versatility of both phone and internet means, the flexibility involved, etc help much.

Sourcers must remain focused on the search and development of leads just as recruiters must remain focused on maintaining communication with

candidates in process, enforcing HR policies, attending meetings, negotiating, and handling the hiring from initial offer to on-boarding.

Sourcing and Internet research

Sourcing and Internet research is a highly specialized field that takes years to master. Many of the best sourcers started out as recruiters who found they enjoy the "thrill of the hunt" more than the rest of the process and became successful because of their heightened research skills and abilities. Another common origin for strong sourcers is from professions where research or investigative skills are an imperative which is a common skill-set with the field of competitive intelligence.

Several recruiters can rely on the same sourcer to generate leads and fill the pipeline with pre-screened or pre-qualified candidates. Sourcers are often the initial point of contact with a candidate, qualifying whether they are a real job seeker or just a job shopper. As a result, sourcers are uniquely positioned to sell or "pre-close" candidates before the candidates enter the recruitment process. Corporate recruiters specializing in the sourcing of candidates are in favour of making a diverse candidates pool. Methods include searching for specific keywords found on resumes, sourcing from affinity groups and researching other communities.

Headhunters

'Headhunters' hunt for heads, really great 'heads' which are so few world over. A kind of covert-overt combination methodology followed to source the candidates and further proceed to recruit. The methodology might also involve 'poaching' from competitor camps.

A 'headhunter' is industry term for a third-party recruiter who seeks out candidates, often when normal recruitment efforts have failed. Headhunters are generally considered more aggressive than in-house recruiters or may have preexisting industry experience and contacts. They may use advanced sales techniques, such as initially posing as clients to gather employee contacts, as well as visiting candidate offices. They may also purchase expensive lists of names and job titles, but more often will generate their own lists. They may prepare a candidate for the interview, help negotiate the salary, and conduct closure to the search. They are frequently members in good standing of industry trade groups and associations. Headhunters will often attend trade shows and

other meetings nationally or even internationally that may be attended by potential candidates and hiring managers.

Headhunters are typically small operations that make high margins on candidate placements (sometimes more than 30% of the candidate's annual compensation). Due to their higher costs, headhunters are usually employed to fill senior management and executive level roles. Headhunters are also used to recruit very specialized individuals; for example, in some fields, such as emerging scientific research areas, where only a handful of top-level professionals who are active in the field may be available. In this case, since there are few qualified candidates only, it makes more sense to directly recruit them one-by-one, rather than advertise internationally for candidates. While in-house recruiters tend to attract candidates for specific jobs, headhunters will both attract candidates and actively seek them out as well. To do so, they may network, cultivate relationships with various companies, maintain large databases, purchase company directories or candidate lists, and cold call prospective recruits. The not-so good feature of the method is inherent 'poaching' from opposite camps.

In-House Recruitment

Larger employers tend to undertake their own in-house recruitment, using their human resources department. In addition to coordinating with the agencies mentioned above, in-house recruiters may advertise job vacancies on their own websites, coordinate internal employee referrals, work with external associations, trade groups and/or focus on campus graduate recruitment. Alternatively a large employer may choose to outsource all or some of their recruitment process. This recruitment process outsourcing is followed internationally by MNCs due to advantages of professionalism like more benefits (larger pool, wider representation, higher retention, better talents too, etc) for less cost (both time and money) per search and per selection.

Passive Candidate Research Firms / Sourcing Firms

These firms provide competitive passive candidate intelligence to support company's recruiting efforts. Normally they will generate varying degrees of candidate information from those people currently engaged in the position a company is looking to fill. These firms usually charge a per hour fee or by candidate lead. Many times this uncovers names that cannot be found with other

methods and will allow internal recruiters the ability to focus their efforts solely on recruiting.

Internet Recruitment / Websites

Internet Recruitment Websites have two main features: '**job boards' and resume/ curriculum vitae (CV) database'**. **Job boards** allow member companies to post job vacancies. Alternatively, candidates can upload a résumé to be included in searches by member companies. Fees are charged for job postings and access to search resumes. Since the late 1990s, the **recruitment website** has **evolved to encompass end-to-end recruitment.** Websites capture candidate details and then pool them in client accessed candidate management interfaces. Key players in this sector provide **e-recruitment software and services** to organizations of all sizes and within numerous industry sectors, who want to e-enable entirely or partly their recruitment process in order to improve business performance.

The online software provided by those who specialize in **online recruitment** helps organizations attract, test, recruit, employ and retain quality staff with a minimal amount of administration. Online recruitment websites can be very helpful to find candidates that are very actively looking for work and post their resumes online, but they will not attract the **'passive' candidates** who might respond favorably to an opportunity that is presented to them through other means. Also, some candidates who are actively looking to change jobs are hesitant to put their resumes on the job boards, for fear that their current companies, co-workers, customers or others might see their resumes.

Job Search Engines

The emergence of 'meta-search' engines, allow job-seekers to search across multiple websites. Some of these new search engines index and list the advertisements of traditional job boards. These sites tend to aim for providing a **'one-stop shop'** for job-seekers. However, there are many other job search engines which index pages **solely from employers' websites**, choosing to bypass traditional job boards entirely. These **vertical search engines** allow job-seekers to find new positions that may not be advertised on traditional job boards, and online recruitment websites.

Referral Recruitment

Referral recruitment is a process whereby vacancies are promoted and filled by recommendations rather than by traditional methods such as direct classified job advertisements or by employing a headhunter. Proponents of this recruitment method claim that since each candidate comes with a personal recommendation behind them, the applicants are likely to be better suited to the job and the applicant already has a referee. Many companies offer incentives to the referee, usually a monetary fee. A potential downside of referral recruitment is that these incentives can lead to candidates inventing an online alter ego for themselves to claim the reward or for them to contact a friend and split the reward. The key advantage of referral recruitment is that it allows recruiters to reach passive candidates, those who are not actively looking for a new job but are sometimes amongst the most prized employees.

Candidate Submittal Agency

Candidate Submittal is a recruitment process where the 'candidate submittal agency' provides 'coaching' for the job seekers with respect to their job application. With candidate submittal, the job seekers usually sources their own prospective job opportunity (eg. on Job Boards, Company Websites, Newspapers etc...). The job seekers then apply for the job through the 'candidate submittal agency', which is usually run by **ex-recruitment professionals or other industry veterans.** The job seekers have to pay a sign-on fee to the candidate submittal agency. The candidate submittal agency will often 'vett or edit job seekers' applications or 'enhance' their abilities and nuances before passing them on to the employer. The service will then act on behalf of the job seekers in the negotiations and would also help prepare the job seekers for pre-interview engagements or an interview process or other post-interview requirements. They would also provide any relevant feedback to the job seekers with regards to their application. Once the job seekers are accepted by the employer, the candidate submittal agency then may then refund a portion of the sign-on fee back to the job seekers, in recognition of the fact that the candidates have completed some of the recruitment process themselves by sourcing their own jobs.

B. SELECTION CRITERIA FOR GLOBAL PLACEMENT

If a selection program is to be successful the employee characteristics which are believed necessary for effective performance on the job should be

stated explicitly in the job specification. The criteria usually can best be summarized in the following categories: **Education, Experience, Physical and Personal Characteristics.** Basically, the employee selection criteria should list the characteristics of present employees who have performed well in the positions to be filled. However, if the list of characteristics desired is too long, it may not be possible to select anyone. With no list of criterion, the wrong prospects are likely to be selected.

Employee selection procedure and practice must be valid and reliable. Validity refers to ability of the procedure and practice to distinguish between good and not-so-good candidates. The reliability of selection procedure and practice is vouchsafed by the extent to which the same is consistent in ranking candidates at the same levels any number of times the procedure is followed.

According to **Marvina Shilling** Employee selection criteria should consider whether candidates have abilities in three areas: self-orientation, others-orientation and perceptual-orientation.

Self-orientation focuses on activities and attributes that strengthen the expatriate's self-esteem, self-confidence and mental health. Such attributes might include

i. Stress-reduction skills-the ability to recognize potential conflicts and circumvent negative reactions.

ii. Reinforcement substitution--the ability to replace pleasurable home activities with substitute activities in the host country.

i. Technical competence--the ability to accomplish tasks with self-confidence, sometimes with little or no help.

ii. The ability to deal with alienation and isolation.

CRITERIA	COMPNENTS
OCCUPATIONAL TECHNICAL REQUIREMENTS	
Communication	Listening, Learning, Presenting (Oral & Written) and Translation
Knowledge/ Skill	Knowledge Profile, Skill diversity, Technical Proficiency, Process Efficiency, State-of-art synergy
Futurism	Ambition, Growth Orientation, Self development and Group development
Personality	Honesty, Integrity, Interests, Energy, Alertness, Speed, Smartness, Attitude, Motivation, Standards, Learning Coefficient, Initiative, Stress tolerance, Values, Flexibility, Leadership Orientation, Trusting and Transmitting, Spotting Talents
Decision Orientation	Environmental Scanning, Awareness of decision context, Fact mobilization, Analytical ability, Judgment, Risk taking, Creativity, Sensitivity, Decisiveness,
Managerial	Planning, Organizing, Direction, Sensitization, Coordination, Resourcing, Budgeting, Allocation, Delegation, Empowering and Control
Interpersonal	Sensitivity, Leadership, Empathy, Persuasiveness & Tenacity
Impact	Rapport, Adaptability, Independence, Negotiation, Fairness, Unique & Resilient
Business Acumen	Consolidation, Broadening, Synergizing & Expansion
OCCUPATIONAL SOCIAL REQUIREMENTS	
Cultural	Awareness, Adjustment, Adaptability, Sensitivity & Synchronization
Groups/Bonds	Bonding, De-bonding, Grouping, Re-grouping, De-grouping
Religion	Awareness, Adjustment, Adaptability, Sensitivity & Synchronization

Political	Awareness, Adjustment, Adaptability, Sensitivity & Synchronization
Development Dynamics	Awareness, Adjustment, Adaptability, Sensitivity & Synchronization

Others-orientation focuses on activities and attributes that enhance the expatriate's ability to interact effectively with host-country nationals (HCNs). These include.

i. Relationship skills--the ability and willingness to develop long-lasting friendships with HCNs.

ii. Language skills--more than fluency, this refers to a willingness to use the local language as often as possible, without fear of being incorrect, sounding silly or stupid, in a desire to understand and relate to HCNs.

iii. Understanding importance of nonverbal communication, including the ability to pick up on nonverbal body language in the host country, which may have different meanings than it does in the home country.

iv. Respect and empathy for others.

Perceptual-orientation focuses on the ability to understand why foreigners do what they do. These skills include

i. High tolerance for ambiguity, being nonjudgmental--waiting to accumulate all the facts before jumping in with an opinion, stereotype or incorrect decision.

ii. Being open-minded and being able to make correct assumptions about the reasons or causes of HCN behavior. Knowing how HCNs will likely react to situations reduces the stress of uncertainty in personal interactions.

Expatriate selection should focus on evaluating the candidate's strengths and weaknesses in the intercultural skills. Evaluations from consulting psychologists used in conjunction with evaluations from the candidate's superiors, peers and subordinates can help gauge the degree of both self-orientation and others-orientation. Extensive interviews with candidates can help indicate their perceptual-orientation abilities.

Technical expertise is generally a known factor, having been assessed in annual reviews. Technical expertise is also more easily identifiable, while relational skills are less easily identified. Rather than prematurely narrowing the field to the best technically qualified, a logical selection process would first determine the minimal level of acceptable technical skills so as to cast a wide net, thus maximizing the chances of finding good relational skills. Difficulty arises when no candidate ranks high in both technical and relational skills. How HR professionals compare and weight these two skill areas is the crux of the decision process.

SELECTION PROCESS FOR GLOBAL HR

Today the actual act of selecting candidates has even been split into dedicated roles and job functions, whereas historically selecting was the sole and inclusive responsibility of the recruiter along with other job responsibilities like Screen and interview candidates against the position requirements, Work closely with the hiring manager on hiring activities and Help with the "offer letter" and interview process. A third-party recruitment agency or corporate recruiting department can now be made up of individuals dedicated to just the sourcing of candidates while recruiters can either focus on more account management responsibilities or leverage sourcing experts to supplement an additional volume of potential candidates. An increasing number of agencies and corporate recruiting departments outsource this work to a Recruitment Process Outsourcing vendor.

Job Analysis

The proper start to a recruitment effort is to perform a job analysis, to document the actual or intended requirement of the job to be performed. This information is captured in a job description and provides the recruitment effort with the boundaries and objectives of the search. Often times a company will have job descriptions that represent a historical collection of tasks performed in the past. These job descriptions need to be reviewed or updated prior to a recruitment effort to reflect present day requirements. Starting of a recruitment with an accurate job analysis and job description insures the recruitment effort starts off on a proper track for success.

Sourcing

Sourcing involves i) advertising, a common part of the recruiting process, often encompassing multiple media, such as the Internet, general newspapers,

job ad newspapers, professional publications, window advertisements, job centers, and campus graduate recruitment programs; and ii) recruiting research, which is the proactive identification of relevant talent who may not respond to job postings and other recruitment advertising methods. This initial research for so-called **passive prospects**, also called **name-generation**, results in a list of prospects who can then be contacted to solicit interest, obtain a resume or CV, and be screened

Screening and selection

Suitability for a job is typically assessed by looking for skills, e.g. communication skills,, aptitude, attitude, computer skills, etc Qualifications may be shown through résumés, job applications, interviews, educational or professional experience, the testimony of references, or in-house testing, such as for software knowledge, typing skills, numeracy, and literacy, through psychological tests or employment testing. In some countries, employers are legally mandated to provide equal opportunity in hiring. Business management software is used by many recruitment agencies to automate the testing process. Many recruiters and agencies are using an Applicant tracking system to perform many of the filtering tasks, along with software tools for psychometric testing

Recruitment Process Outsourcing (RPO)

Recruitment Process Outsourcing is a form of business process outsourcing (BPO) where an employer outsources or transfers all or part of its recruitment activities to an external service provider.

To quote the Recruitment Process Outsourcing Association, "Recruitment Process Outsourcing is when a provider acts as a company's internal recruitment function for a portion or all of its jobs. RPO providers manage the entire recruiting/hiring process from job profiling through the on-boarding of the new hire, including staff, technology, method and reporting. A properly managed RPO will improve a company's time to hire, increase the quality of the candidate pool, provide verifiable metrics, reduce cost and improve governmental compliance.

The RPO Alliance, a group of the Human Resources Outsourcing Association (HROA), approved this definition in February 2009: "Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO)

where an employer transfers all or part of its recruitment processes to an external service provider. An RPO provider can provide its own or may assume the company's staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results."[2]

On the other hand, occasional recruitment support, for example temporary, contingency and executive search services is more analogous to out-tasking, co-sourcing or just sourcing. In this example the service provider is "a" source for certain types of recruitment activity. The biggest distinction between RPO and other types of staffing is Process. In RPO the service provider assumes ownership of the process, while in other types of staffing the service provider is part of a process controlled by the organization buying their services.

The concept of an employer outsourcing the management and ownership of part or all of their recruiting process wasn't first realized on a consistent basis until the 1970s in Silicon Valley's highly competitive high tech labor market. Fast-growing high tech companies were hard-pressed to locate and hire the technical specialists they required, and so had little choice but to pay large fees to highly specialized external recruiters in order to staff their projects. Over time, companies began to examine how they might reduce the growing expenses of recruitment fees while still hiring hard-to-find technical specialists. Toward this end, companies began to examine the various steps in the recruiting process with an eye toward outsourcing only those portions that they had the greatest difficulty with and that added the greatest value to them. Initial RPO programs typically consisted of companies purchasing lists of potential candidates from RPO vendors. This "search/research" function, as it was called, generated names of competitors' employees for a company and served to augment the pool of potential candidates from which that company could hire.

Over time, as business in general embraced the concept of outsourcing more and more, RPO gained favor among Human Resource management: not only did RPO reduce overhead costs from their budgets but it also helped improve the company's competitive advantage in the labor market. As labor markets became more and more competitive, RPO became more of an acceptable option. Furthermore, through the advent in the 1980's and 1990's of

human resources outsourcing (HRO) companies that began taking on the processes associated with benefits, taxes, and payroll, companies began recognizing that recruiting--a significant cost of HR--should also be considered for outsourcing. In the early 2000's more companies began considering the outsourcing of recruitment for major portions of their recruiting need.

There have been fundamental changes in the US labor market that serve to reinforce the use of RPO as well. The labor market has become increasingly dynamic: workers today change employers more often than in previous generations. De-regulated labor markets have also created a shift towards contract and part-time labor and shorter work tenures. These trends increase recruitment activity and may encourage the use of RPO.[citation needed] It should also be noted that even in slower economic times or higher unemployment, RPO is still considered by companies to assist in an increasing need to screen through a larger candidate pool.

Benefits: RPO's promoters claim that the solution offers improvement in quality, cost, service and speed.

i. **Economies of scale:** RPO providers claim that leveraging economies of scale enables them to offer recruitment processes at lower cost
ii. **Economies of scope:** RPO providers claim that economies of scope allow them to operate as high-quality specialists.
iii. **Largeness:** The economies of scale and scope arise from a larger staff of recruiters, databases of candidate resumes, and investment in recruitment tools and networks.
iv. **Reduced Expenditure:** RPO solutions are also claimed to change fixed investment costs into variable costs that vary with fluctuation in recruitment activity. Companies may pay by transaction rather than by staff member, thus avoiding under-utilization or forcing costly layoffs of recruitment staff when activity is low.

Problems: There are problems of RPO as well, but natural due to duality of every human endeavor.

i. **Lack of Strategy and Structure:** If a company failed to define its overall recruitment strategy and hiring objectives, then any recruiting program may fail to meet the company's needs. This is especially true for outsourced programs

like RPO. RPO can only succeed in the context of a well-defined corporate and staffing strategy.

ii. **Poor Implementation:** As with any program, a company must manage its RPO activities. A company must provide initial direction and continued monitoring to assure the desired results. Overall, providing guidance to external activities can present a significant management challenge. Outsourcing of company processes may fail or prove a poor organizational fit. Improperly implemented RPO could reduce the effectiveness of recruitment

iii. **Expensive, sometimes:** The costs charged for outsourced recruitment transactions may total more than the cost of the internal recruitment department.

iv. **Quality or Volume deficiencies:** RPO service providers may fail to provide the quality or volume of staff required by their customers.

v. **Un-competitiveness:** Placing all recruitment in the hands of a single outside provider may discourage the competition that would arise if multiple recruitment agencies were used.

vi. **Negative image of hiring firm cannot be erased:** RPO may not resolve difficulties that organizations have in hiring staff when the organization is perceived negatively by potential employees. This will instead require improved branding and an adjustment of image. The perception is that very few RPOs can successfully integrate their client's brand and therefore do not represent their client's brand as well as a retained search or internal recruiting resource may drive brand representation and or marketing.

vii. **Inadequacy on either side can damage the whole:** An RPO solution may not work if the company's existing recruitment processes are performing poorly. An RPO solution may not work if the service provider has inadequate recruitment processes or procedures to work with the client.

viii. **Disconnecting the client's growth & recruiting strategy:** Most RPOs perform their staffing functions and service offsite. This disconnects the client's growth & recruiting strategy from the actual workforce within the client

company. This is important because during a period of rapid recruitment growth, one of the many positive effects that a company typically enjoys is an increase in the workforce wellness or an overall workforce positivity of sentiment of optimism that comes with personnel additions... this may be lessened with an offsite recruiting function.

ix. **Negligible benefits from RPO for better organization:** Organizations with efficient hiring process that are viewed as employers of choice by potential staff may stand to gain negligible benefits from RPO.

C. CHALLENGES OF GLOBAL PLACEMENTS

MNCs of all sizes (small, medium, or large) that have subsidiaries in foreign counties are facing the problem of training, selecting, compensating as well as the reintegrating expatriate employees. There are challenges of diverse nature. International assignments are not always preferred by all. Adaptation problems experienced by the spouses are one of the main causes.

The expatriate employees interact to a greater extent with host country nationals while the spouses interact primarily with members of the expatriate community. The spouses experience a more difficult and prolonged period of adaptation, due to their initial lack of organizational affiliation and social networks. Specific types of assistance and social contacts to newly arrived family members, especially the spouses are better provided.

The challenges in global placement include **Quality, Cost, Expectations, Retention, Enhancement, Legal aspects, Culture and Stress & Strain..**

Quality of Global Recruitments: Quality of personnel selected is the greatest challenge. Here quality of personnel includes job related, peer related, organization related, community related and human related. Now with economic growth there is growth in talents availability, but there is growth in need for such talents as well. There is always short supply of right talents. The situation of 'too many offers to too few talented persons' is prevailing. This gets complicated with 'legal limits' placed on 'expats numbers' as in the case of H-1B visa placed by US and Bill Gates even commented that the US is keeping 'talents away'. The employers face the **challenge of finding visa options for highly skilled**

foreign workers. A quantitative restriction on 'quality' is no good for global players like MNCs. Ultimately quality of global recruitments falls.

Cost of Global Recruitments: Cost of Global Recruitments is obviously high. Human resources have stated costing more because the market is becoming more 'job-buyers' than 'job providers'. The **expats expect a salary 3 to 5 times their home country salary** levels. Expats need to adjust to host-country culture and this **'learning curve'** might take considerable time. As long as this continues the performance is **'sub-optimal'**, which adds to cost. Recruitment cost connected to process of recruitment and rewards to agencies are of course coming down due to competition in that service segment and due to information diffusion of large degree.

Another source of cost is **failure rate of overseas placements**, with the employees returning home without finishing the assignment. Studies of failure rates vary, but between 16 percent and 40 percent of personnel generally return early. The obvious direct costs of failure are repatriation cost, cost of alternative placement, etc. Though these are high, they are not the most serious. The **serious costs are the indirect costs** such as damaged relationships with the host-country government, with local organizations and with direct customers, not to mention the potential loss of product market share.

Expectations of Employees: Expectations of Employees are on the rise nowadays. Job Nature, Job Content, Job Context, Job Methods, Job Relations, Job Reward, Job Ranking, Job Safety, Job Rigors, Job Scope and the like give various levels of expectations. In a recessionary condition expectations are sub-due, but in peak business environments expectations also peak. The Spouses expect more than the employees. Spouses ask for as much flexibility, especially about trips home and family visits to the country the partner is working in, as possible. Also they ask for clarity about assignment length. If the family feels taken care of, everyone will be happier about the assignment. This is what one must ensure'.

Retention: HR professionals reported that HR departments to a large extent can strategically contribute to organizations through such efforts as retention programs (75 percent), work/life programs (70 percent), succession planning (69 percent), and health, safety and security programs (65 percent). See the first place goes to 'retention'. Employee retention is a great challenge in a growth

economy. If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly which many a times goes unnoticed. For all these and many other reasons you need to retain your employees. For retaining your employees, you need to understand the requirements of the employees and at the same time should make them clear about the expectations of the company from them. It's a general human tendency that each human being thinks himself as important and expects the same from the other side, so the company management should make their employees accountable for their respective jobs and make them feel that they are very important for the smooth processing of that process. To retain employees you may try: i. Employee Reward Program, ii. Career Development Program, iii. Performance based Bonus, iv. Make the managers effective and easily accessible; v. Loyalty Bonus, vi. Give a voice to the Knowledge Banks, vii. Employee Recreation, viii. Gifts at some Occasions, ix. Accountability and x. Get and Act on Feedback

Legal aspects: Employers face the challenge of finding visa options for highly skilled foreign workers. In some cases, there is no option but to wait until law is relaxed. The annual limitation on the number of H-1B visas for temporary professional workers imposed by the US Government caused many problems for US employers in recruiting critical talents. Similarly, the embargo on employing foreign nationals by firms that are assisted under the 'Obama Rescue Plan' is making US firms starved of right talents, it is said.

Culture: The task of expatriate employment is complicated by profound differences between countries in culture – organizational, individual, group and societal. An alarmingly high expatriate failure rate exists at all corporate levels due to cultural factors. There are also cultural costs associated with the employee and members of the employee's family. A survey including1,461 employees who had taken short-term overseas assignments, and some of their spouses, revealed marriage troubles, depression, child behavior issues, and other difficulties.

To ward off these, Global recruitments must be free of failures. Failures may arise for reasons of cultural problems like: i. **The spouse's inability to adjust, ii. The employee's inability to adjust, iii. The employee's personal or emotional immaturity or iv. Other family problems.** MNCs need to

effectively train expatriates in international capabilities, including fluency in foreign languages and in the ability to adapt to different cultures, work conditions, cultural sensitivities of fellow employees and so on. Ask for cross cultural training. Employees who receive it can hit the ground running, and report less trouble with communicating and working with the locals. It's also a good idea for companies to offer to put spouses in touch with each other, as this has great cultural impact. **Federal Express** sends future expatriates and their families on **'familiarization'** trips, which also serve as **'realistic job previews'**. Over 70 percent of companies now pay for similar trips. **Gillette is a leader on familiarization trips** for international assignments as a part of its junior trainee program. This program is aimed at building careers with a global perspective and experience.

Ethno-centric practices: Ethnocentric approach to recruitment places stress on transferring parent company/country personnel or other suitable expatriates for positions in subsidiaries. Staffing subsidiaries with expatriates in key management positions this way will centralize the parent-company control in decision making. This ethnocentric management practice is common in start-up ventures and when rare technical skills are needed which cannot be found in host country humans. Success in the expatriate situation takes a special set of skills and abilities above and beyond the necessary technical skills for the analogous domestic position. As this is not normally abundantly found in people, there is an extraordinarily high turnover rate even among expatriates. The objective behind ethnocentric recruitment practice of MNCs is to transfer and implant headquarters' cultures and philosophy by working with host nationals. Also happens, that the expatriates sent to socialize the host nationals to their parent corporate cultures, are often being socialized themselves by the host nationals because the value structure of the host nationals is not being directly influenced by the parent company. Researches show that subsidiaries, even when managed by expatriates, will have corporate cultures more consistent with their own countries' cultures than with that of the parent company. May be this is 'multiculturalism. Ethnocentric companies maintains their selection standards worldwide less exacting than polycentric, regiocentric and geocentric MNCs. Ethnocentric companies will recruit globally less than polycentric or region-centric or geocentric MNCs.

Poly-centric practice: Polycentric approach involves host nationals managing the subsidiaries with some co-ordination from headquarters on how the subsidiary should operate. Host nationals have no language and culture barriers, and are less costly than expatriates. However, parent-company employees are unable to gain the valuable global perspective from working abroad. Likewise, host nationals are not socialized to the parent companies' organizational culture through either contact with host nationals or transfers into the parent country. Host nationals are able to develop as managers in their own country, but their own careers will be limited because they are never able to reach the corporate level in polycentric organizations, there is little concern for a common corporate culture

Regio-centric practice: Regio-centric practice involves host-country nationals and third-country nationals are recruited, selected and developed on a regional basis. ASEAN. EU, Gulf, NATO, Northern Africa, Sub-Saharan Region, etc are certain Regions which are consistent with some natural boundary. This practice to succeed, the communication and integration systems must be highly sophisticated for headquarters to maintain control over the regions. The chances of host nationals' career advancement are greatest within the region, but still may be limited in headquarters. There is some room for multiculturalism.

Geo-centric practice: Geocentric practice involves total integration of all of foreign subsidiaries. A worldwide corporate culture is the desire. Translating this into a recruitment practice involves selecting the best people for positions, regardless of nationality. There is an immense degree of socialization and unified culture, which is not of course dictated by the Head-quarters. Employees in the foreign subsidiaries learn and internalize the values, behaviours, norms, etc.of the global company. Socialization of the organizations' values is used as a control strategy with the greatest amount of flexibility to accommodate the differences among foreign countries' cultures In fact the headquarters and the foreign subsidiaries view themselves as integrated parts of a global organization. The corporate culture is highly unified - but not dictated by headquarters. There is a pull for 'onenesses. Geocentric organization has the most complex organizational structure, requiring the greatest amount of communication and integration across national boundaries. This strategy 'permits the greatest amount of local discretion and the greatest amount of decentralization while maintaining overall integration'. MNCs adopt strategic socialization processes so that their

employees will have increased knowledge of the MNCs' entire networks, and not just the networks within their own countries' subsidiaries.' The intent is to de-emphasise national cultures and to replace them with an integrating corporate culture'. Geocentric companies are less concerned with maintaining the parent culture than region-centric, polycentric or ethnocentric MNCs.

Stress and Strains: One of the most significant reported stressors is financial. Left at spouses resent it when the family has to pay for tasks the absent employee used to do (household help, child and elder care, bill paying and so on). More than a third of respondents (35%) experienced new financial costs as a result of the assignment, and only 39% said the employer had done all it could to protect them financially. Families are not asking for the sky—they just don't want the assignment to cost them money or for the company to force them to jump through hoops to recoup per diem expenses, says a consultant. Employees and spouses also resent when terms of the assignment feel dictated rather than offered and negotiated.

REVIEW QUESTIONS: -

1. Explain the Global HR Recruitment practices and trends in the recent times.
2. What are the Global HR Recruitment sources? Which one you prefer? Why?
3. Present Global HR selection methods and their significance.
4. How is the Choice between host and guest country personnel made?
5. Would you prefer a third-country national for positions in MNCs? Why?
6. Explain the Selection process for global HR needs.
7. Explain the Challenges of global placements in the recent times of shortage in talents.
8. What is Recruitment Process Outsourcing (RPO)? Explain its significance.

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UNIT III
GLOBAL HR INTEGRATION PROCESS

Syllabus Covered: Global HR Integration Process- Process of Integration- Motivation and Team Spirit in HR- Cultural Adaptability Vis-à-vis Individuality – Managing Cultural diversities- Multiculturalism- Organizational culture of MNCs- Cultural Experiences of Best-run Companies.

The objective of this lesson are to present:

i. Concept and process of employee integration in MNCs.
ii. Employee motivation: Need and models
iii. Employee Team spirit and its management in MNCs
iv. The issues of Cultural Adaptability Vis-à-vis Individuality
v. Concept and issues in Cultural diversity and management thereof
vi. Concept and significance of Multiculturalism
vii. Examine the concept and relevance of Organizational culture of MNCs
viii. To present the cultural experiences of best-run Companies

A. INTEGRATION

In a wider sense, Integration of employees into the organization involves a series of processes. Integration can be seen as a function of {**Orientation, Assimilation, Motivation, Team Spirit, Cultural Adaptability, Multiculturalism, Organizational culture and Preserving Cultural diversity}.** These factors are needed for integrating employees with the organization for ever.

In a limited sense of inducing new employees to feel as parts and parcel of the organization, **Integration refers to Orientation & Assimilation only.** There are two stages in integration – Orientation and Assimilation. The difference between orientation and assimilation is the difference between learning about something and becoming a part of it, respectively. New employees need to be given training to orient them to the workplace. Only time will give a new employee an opportunity to become assimilated into the employee and corporate environment and structure.

Orientation State of Integration: Becoming oriented involves instruction in the procedures and protocols of the company. All new employees need to be told what precisely that their job is. They need to be made aware of expectations and limitations. This training includes attendance policies and enforcement guidelines. It should also include informing the new hire of the layout of the facilities. If there is a special entrance to use or codes to employ, this should be made a part of the training.

New people in any company need to be taught how to run all special equipment that is necessary for their job. This should cover enough time that proficiency can be gained to use it safely and effectively. Co-workers should be introduced, and their respective duties outlined to the new person. All supervisory staff should be pointed out. This especially includes anyone who has direct oversight to the person being trained. Learning who to call upon for advice and guidance concerning job performance is also a part of the orientation process.

Assimilation State of Integration: Assimilation of employees takes orientation up to the next level. As a person is assimilated, he or she is expected to begin carrying a reasonable share of the workload. The employee becomes part of a team of people who accomplish a task as a department. They are no longer given large amounts of leeway but are expected to start becoming proficient in their duties. **Assimilation** implies becoming an important part of the whole. Other workers will begin to depend on the new person to help get the production out of the door.

Once **Assimilation** is complete the integration is complete and the person should be able to contribute meaningfully to the ongoing life of the company. Not only in a production sense, but relationally, the new person is part of an established group.

1. PROCESS OF INTEGRATION

The first few months on the job are the most influential for new employees. This is an ideal opportunity to the new employees to confirm that they made the right decision of becoming part of the Organization. Integration also helps the company to strengthen its culture and reinforce the same.

i. Understanding and Navigating Your Company Culture

Edgar Schein defines, '**organization culture** as a "pattern of shared basic assumptions that the group learned as it solved its problems, external adaptation and internal integration, that has worked well enough to be considered valid, and therefore, to be taught to new members as the way to perceive, think, and feel in relation to those problems." The learned, shared, and tacit assumptions are what drives and reinforces the culture on which people base their behaviour.

There are 3 levels of culture. These are:
Level i: Artefacts: Artefacts are generally visible and readily identifiable. Artefacts in your company might include the structures, work processes, and the awards you see on the walls.

Level ii: Values: The espoused values a company has such as its stated goals, strategies, and philosophies.

Level iii: Underlying Assumptions: The basic underlying assumptions a company has such as its beliefs. A company's underlying assumptions are often taken for granted or unconscious.

Cultural Reinforcement: Culture is a collage and culmination of things including implicit and explicit perceptions, standards, work environments, and expectations. Despite the complexities and multiple threads that create the fabric of culture, what reinforces culture is behaviour. Pro-behaviour reinforces culture.

Cultural shift: During the life cycle of a company is not uncommon. Companies effect a cultural shift from outdated values such as life time employment, entitlement and complacency (i.e., "that's the way we do things here is fine"), to a desired culture of accountability, collaboration, and innovation.

New employees are the ideal population who can be trained from the start, to embrace the new culture and exhibit behaviours that are in alignment with the new values. They have no reason to resist this cultural shift as long as the appropriate reward mechanisms are in place. **They are the perfect change agents.**

ii. Build a Network of Relationships

People need to be able to act together. When people work as teams, **Peter Senge,** 'Strategist of the Century (20^{th}) ' as per the Journal of Business Strategy, says, not only can there be good results for the organization, but also members will grow more rapidly than could have occurred otherwise. There happens team learning. The discipline of team learning starts with 'dialogue', the capacity of members of a team to suspend assumptions and enter into a genuine 'thinking together'. To the Greeks 'dia-logos' meant a free-flowing of ideas by allowing the group to discover insights not attainable individually, but possible by collective endeavour. Peter Senge envisioned a learning organization where people are continually enhancing their capabilities to create what they want to create. Such thing is possible by net-working.

You must spell out the importance of your network and understand on whom you are dependent. You must provide some criteria for assessing the quality of your relationships – depth, width, synergy speed, pace, endurance, critical-time care and so on. Finally, it must discuss how to manage conflict. The Senge Model of advocacy, inquiry, and mental models help resolving conflicts and remain net-worked. Building effective one-on-one work relationships between yourself and your boss, yourself and each of your peers, between yourself and each of your immediate sub-ordinates is necessary for getting right share of resources, right level of cooperation and right execution of works.

iii. Develop Own Professional Skills

Organizations learn and become skilled organizations only through individuals who learn newer skills quite continually. Individual learning does not guarantee organizational learning. But without it no organizational learning occurs, says Senge. Employees must acquire personal mastery in their professional skills. Personal mastery is the discipline of continually clarifying and deepening one's personal vision, of focusing our energies, of developing patience, and of seeing reality objectively'. It goes beyond competence and skills, although it involves them. It goes beyond spiritual opening, although it involves spiritual growth. Mastery is seen as a special kind of proficiency. It is not about dominance, but rather about calling. Vision is vocation rather than simply just a good idea.

People with a high level of professional skills achieve personal mastery to live in a continual learning mode. They never 'arrive'. But personal mastery is not something you possess. It is a process. It is a lifelong discipline. People with a high level of personal mastery are acutely aware of their ignorance, their incompetence and their growth areas. And they are deeply self-confident as they are ceaseless learners and keep pace with learning. Integration is easy for those with high professional skills as they are received and they merge into groups and dissolve in the groups.

iv. Connect with Every Relevant Resource

New employees must get connected to resources of the organization. Resources are diverse. IPR, Information, Finance, Capable People, Market Space Work Space, Operating Facilities, Suppliers, Customers, Clients, Logistics, Time, Energy, Power Positions, etc are resources. Appropriate connection to resources is needed for effective integration.

2. METHODS OF INTEGRATION

On-boarding is one of the methods of employee integration into an organization or team. On-boarding is particularly important for executives transitioning into complex roles because it is difficult for individuals to uncover personal, organizational and role risks in complicated situations when they don't have formal on-boarding assistance. Recruiters and interviewers are starting to ask job candidates how they will prepare to onboard, if they receive an offer. Some candidates, anticipating the question, bring 100-Day or 90-Day action plans to interviews.

On-boarding is the process of acquiring, accommodating, assimilating and accelerating new team members, whether they come from outside or inside the organization. The prerequisites are:

Align	Make sure your organization agrees to get a new team
Acquire	Identify, recruit, select and get people to join the team.
Accommodate	Give new team members the tools they need to do work.
Assimilate	Help them join with others so they can do work together
Accelerate	Help them (and their team) deliver better results faster

Align: An organization must commit to recruit people. Recruiting people involves the organization is preparing to 'align' with new human resources. This

part of the on-boarding process is typically expected to ensure the quality of the data collected from the candidate, the completeness and accuracy of the forms they submit, and to interface their data to government (primarily for new hire reporting and immigration control, such as the Ministry of Home Affairs and Ministry of External Affairs) and their organs like Visa Office, Health Division, etc.

Acquire: Acquiring new team members involves identifying, recruiting, selecting and getting people to join the team. It's important to recruit in a way that reinforces key messages about the position and the organization. Those doing this well create a powerful slate of potential candidates to choose from.

Accommodate: Accommodating new team members is about equipping them with all hard and soft 'wares' they need to do work. This aspect of on-boarding is known as transactional on-boarding.

Assimilate or socialize: One important aspect of on-boarding is the process of converting a candidate for a role into that role within an organization. This is like becoming what you are recruited for, a kind of oneness with the goal. The candidate may be new to the organization, or may be an existing person within the organization that is assuming a new role. Candidates may become employees or contractors, and may be assuming permanent or temporary roles.
Organizations also may seek to quicken the candidate's effectiveness in the new role through a more effective on-boarding process through the deployment of a specialized enterprise portal that provides information about the company, the candidate's new role and peer workers, the company's benefits offering, and provides access to forms automation and training tasks. This aspect of on-boarding can also be referred to as: socialization, acculturation, and indoctrination.

Accelerate: The real value of on-boarding is getting new team members to speed up and deliver better results faster. To accelerate transition, on-boarding should include new job preparation efforts to give new employees a head start before day one, an announcement process that sets the new employee up for success, resources, support and follow through the first 90 to 100 days, at a minimum.

B. MOTIVATION OF HUMAN RESOURCES

Motivation is the essence of human empowerment. **Dwight D. Eisenhower**, former US president put, 'Motivation' as the art of getting people to do what you want them to do because they want to do it. **Jim Ryun,** said that, Motivation is what gets you started and Habit is what keeps you going. Motivating strives to continually offer positive words of encouragement to help give oneself or others to be self-confident and behold self-esteem to empower and inspire one-self and others.

Professor Steven Reiss has proposed a theory that finds 16 basic desires that guide nearly all human behaviour and the same are::

i. Acceptance, the need for approval
ii. Curiosity, the need to think
iii. Eating, the need for food
iv. Family, the need to raise children;
v. Honour, the need to be loyal to the traditional values of one's clan/ethnic group
vi. Idealism, the need for social justice
vii. Independence, the need for individuality
viii. Order, the need for organized, stable, predictable environments
ix. Physical Activity, the need for exercise
x. Power, the need for influence of will
xi. Romance, the need for sex
xii. Saving, the need to collect
xiii. Social Contact, the need for friends (peer relationships)
xiv. Status, the need for social standing/importance
xv. Tranquillity, the need to be safe
xvi. Vengeance, the need to strike back

Motivation – An Internal Condition: Motivation is the internal condition that activates behaviour and gives it direction; energizes and directs goal-oriented behaviour. According to various theories, motivation may be rooted in the basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or a desired object, hobby, goal, state

of being, ideal, or it may be attributed to less-apparent reasons such as altruism, morality, or avoiding mortality.

Drive is Motivation: One of the most important factors that lead people to their goals is the drive. This drive is known as motivation. It is a zest and determination with a kind of excitement that leads one to persevere to reach greater heights, in no matter what avenue of their life; be it – personal or professional. The drive may come from an internal or external source. The individual determines this.

Factors of Motivation Keep Changing: The factors that motivate an individual keep changing as one climbs the ladder of age and maturity. And also, achievement of one goal sets the ball rolling for another one to be achieved. Thus, to be motivated is a constant need. There are times when one faces a period of de-motivation and everything seems bleak. It is then that they need to find what would motivate them back into action.

Many Driving Forces: For every individual there is a variable driving force. In fact, it is not just a single factor, but a combination of factors that lead people to achieve their goals. Motivation comes from two sources: oneself, and other people. These two sources are called **intrinsic motivation and extrinsic motivation,** respectively.

Training to Motivate: The fact is that with routine monotony steps in and then everything seems like stagnant waters. It feels like there is nothing new. Breaking this cycle of monotony has helped many bounce back with enthusiasm. This is why human resource managers create a training calendar, which will take away employees from the routine they are stuck to, as well as enhance their skills in various areas.

Intrinsic Motivation: Intrinsic motivation comes from rewards inherent to a task or activity itself. Research has found that it is usually associated with high educational achievement and enjoyment that flows there-from. Intrinsic motivation has been explained by Fritz Heider's attribution theory, Bandura's work on self-efficacy and Ryan and Deci's cognitive evaluation theory.

Self Motivation: Self motivation is thought to originate within the individual and may not require external stimuli to encourage the behaviour. Basic drives could be sparked by deficiencies such as hunger, which motivates a person to seek food; whereas more subtle drives might be the desire for praise and approval, which motivates a person to behave in a manner pleasing to others.

Extrinsic Motivation: Extrinsic motivation comes from outside of the performer. Money is the most obvious example, but coercion and threat of punishment are also common extrinsic motivations. In sports, the crowd may cheer the performer on, and this motivates him or her to do well. Trophies are also extrinsic incentives. Competition is often extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. Social psychological research has indicated that extrinsic rewards can lead to over-justification and a subsequent reduction in intrinsic motivation.

1. THEORIES OF MOTIVATION

Theories of motivation are many and these are classified.

Incentive Theories of Motivation

a. Drive theory

There are a number of drive theories. The Drive Reduction Theory grows out of the concept that we have certain biological drives, such as hunger. As time passes, the strength of the drive increases if it is not satisfied (in this case by eating). Upon satisfying a drive the drive's strength is reduced. The theory is based on diverse ideas from the theories of Freud to the ideas of feedback control systems, such as a thermostat. Drive theory has some **intuitive or folk validity.** But drive reduction theory cannot be a complete theory of behaviour.

b. Cognitive dissonance theory of Leon Festinger

Suggested by Leon Festinger, **Cognitive dissonance** occurs when an individual experiences some degree of discomfort resulting from an incompatibility between two cognitions. For example, a consumer may seek to reassure himself regarding a purchase, feeling, in retrospect, that another decision may have been preferable. Another example of cognitive dissonance is when a belief and a behaviour are in conflict. A person may wish to be healthy, believes smoking is bad for one's health, and yet continues to smoke.

Need Theories

a. Abraham Maslow's Need hierarchy theory

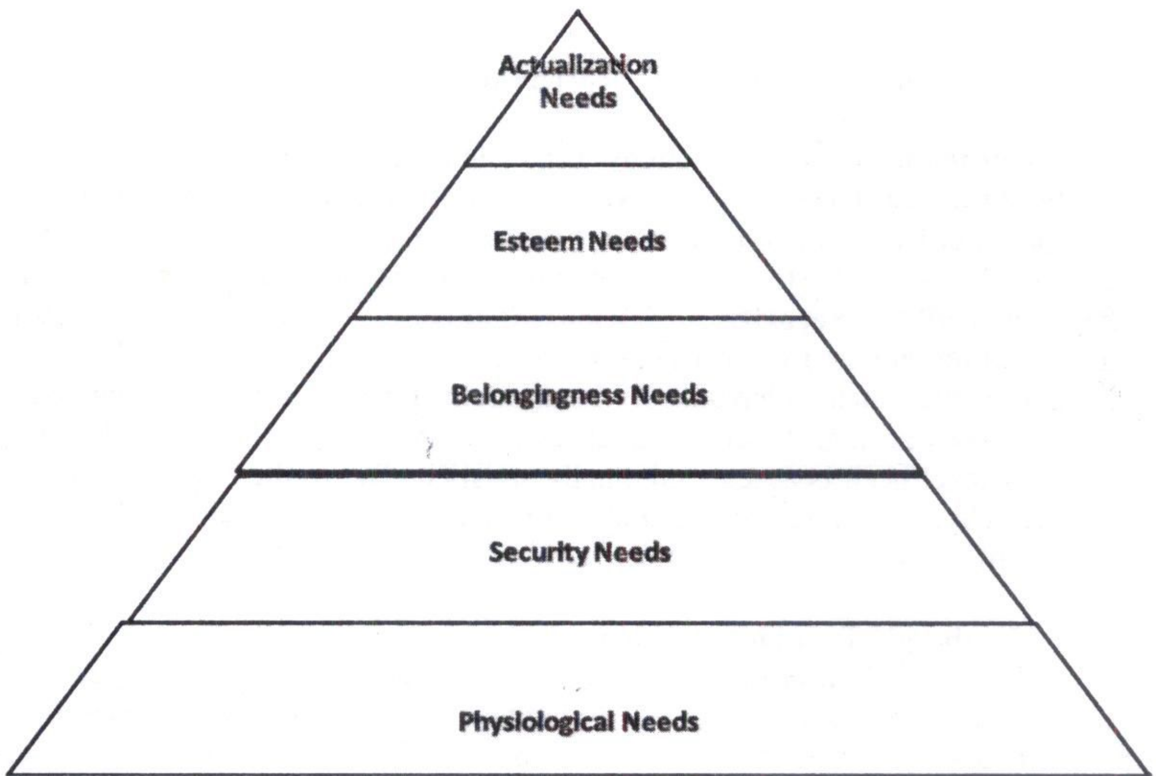
Abraham Maslow's hierarchy of human needs theory is one of the most widely discussed theories of motivation. Since needs are many, they are arranged in order of importance, from the basic to the complex. The basic needs are lowest & earliest and the complex needs are highest & latest. **'Physiological', 'Security', 'Belongingness', 'Esteem' and 'Self Actualization'** are the five needs in order. Human beings have wants and desires which influence their behaviour. Only unsatisfied needs influence behaviour, satisfied needs do not. A person advances to the next level of needs only after the lower level need is at least minimally satisfied. The further the progress up the hierarchy, the more individuality, humanness and psychological health a person will show.

b. Herzberg's Two-factor theory

Frederick Herzberg's two-factor theory concludes that there are certain factors in the workplace which lead to dissatisfaction in their absence. But their presence does not lead to motivation. These factors include Safety, Salary, Fringe Benefits, Working Conditions, Company Policy, Status, Inter-personal relations, etc. They are called 'dissatisfiers' or 'hygiene factors'. We know hygiene factors cannot motivate, but their absence leads to dissatisfaction. The factors that motivate people include challenging work, recognition, respect, responsibility, achievement, etc. These may change over lifetime. Their presence gives motivation. These are 'motivators' and their presence is a must for 'motivation'.

c. Alderfer's ERG theory

Clayton Alderfer, expanding on Maslow's hierarchy of needs, created the ERG theory (existence, relatedness and growth). Physiological and safety, the lower order needs, are placed in the existence category, while love and self esteem needs are placed in the relatedness category. The growth category contains our self-actualization and self-esteem needs.



MASLOWS NEED HIERARCHY MODEL

d. McClelland's N-Ach, N-Pow, N-Aff. Theory

The **'N-Ach, N-Aff. & N-Pow,' theory by** McClelland looks at motivation in different context. **N-Ach (Need for Achievement)**, **N-Aff (Need for Affiliation)** and **N-Pow (Need for Power)** are the 3 drives that propel people to advance. Using Thematic Appreciation Test with Control and Experimental Groups, McClelland concluded that people high in N-Ach are characterized by a tendency to seek challenges and a high degree of independence. Their most satisfying reward is the recognition of their achievements.

We may draw a parallel between Maslow, Herzberg and Alderfer as shown in the chart below.

<table>
<tr><th>Maslow</th><th>Herzberg</th><th>Alderfer</th></tr>
<tr><td>Physiological</td><td rowspan="3">Hygiene Factors</td><td rowspan="2">Existence Factors</td></tr>
<tr><td>Safety</td></tr>
<tr><td>Belongingness</td><td rowspan="2">Relatedness Factors</td></tr>
<tr><td>Esteem</td><td rowspan="2">Motivating Factors</td></tr>
<tr><td>Self Actualization</td><td>Growth Factors</td></tr>
</table>

Other Theories of Motivation

a. Self-Determination Theory (SDT) of Edward Deci and Richard Ryan

Self-determination theory, developed by **Edward Deci and Richard Ryan,** focuses on the importance of intrinsic motivation in driving human behaviour. Like Maslow's hierarchical theory and others that were built on it, SDT posits a natural tendency toward growth and development. Unlike these other theories, however, SDT does not include any sort of "autopilot" for achievement, but instead requires active encouragement from the environment. The primary factors that encourage motivation and development are autonomy, competence feedback, and relatedness.

b. Onion-Ring-Model of Achievement Motivation by Heinz Schuler, et al

The latest approach in Achievement Motivation is an integrative perspective as lined out in the **"Onion-Ring-Model of Achievement Motivation"** by Heinz Schuler, George C. Thornton III, et al. It is based on the premise that performance motivation results from very broad components of personality that are directed towards performance. It integrates formerly separated approaches as Need for Achievement with e.g. social motives like Dominance. The Achievement Motivation Inventory AMI (Schuler, Thornton, Frintrup & Mueller-Hanson, 2003) is based on this theory.

c. Goal-setting theory of Motivation

Goal-setting theory is based on the notion that individuals sometimes have a drive to reach a clearly defined end state. Often, this end state is a reward in itself. A goal's efficiency is affected by three features: proximity, difficulty and specificity. An ideal goal should present a situation where the time between the initiation of behaviour and the end state is close. This explains why some children are more motivated to learn how to ride a bike than mastering algebra. A goal should be moderate, not too hard or too easy to complete. In both cases,

most people are not optimally motivated, as many want a challenge. The goal must be 'specific' in that it should be clearly 'defined', 'measured' and 'monitored'.

d. Victor Vroom's (Expectancy – Instrumentality – Valence) Theory

Victor Vroom's – Expectancy (Relating Effort and Performance) – Instrumentality (Relating Performance and Outcome) - Valence (Relating Outcome and Efforts) – Theory, developed in 1964, works on the process of motivation. The Expectation that good Efforts bear good Performance makes one put in good Efforts. The Instrumentality (that is some organizational arrangement) of certain level of Performance assuring certain career Outcome) drives one with good Efforts guaranteeing a given Performance. The Valence (Power) of certain Outcome inducing goods Efforts makes the virtuous cycle complete. There happens motivation to put efforts leading to all positive happenings. Contrarily, if there is no Expectation that good Efforts will bear good Performance, that makes one not putting in good Efforts. Similarly, if the Instrumentality is not effectively linking Performance and, or if the Valence (Power) of linkage of Outcome with Efforts is feeble, there results the vicious cycle and no or poor motivation. Vroom, hypothesized that in order for a person to be motivated that effort, performance and motivation must be linked through Expectancy, Instrumentality and Valence.

e. Porter- Lawler Theory

Developed on the basis of the Vroom's theory, the Porter-Lawler model proposes that employee motivation depends upon (i) the degree to which employees value certain rewards and (ii) the employees' belief that their efforts will result in their receiving these rewards. Porter-Lawler model suggests that individuals' abilities and role perceptions moderate the Expectancy link between effort and performance. Furthermore, the Porter-Lawler model emphasizes that employees' perception of the fairness of rewards affects the relationship between rewards they receive and satisfaction with their work.

2. EMPLOYEE MOTIVATION

Workers in any organization need something to keep them working. Most times the salary of the employee is enough to keep him or her working for an organization. However, sometimes just working for salary is not enough for employees to stay at an organization. An employee must be motivated to work

for a company or organization. If no motivation is present in an employee, then that employee's quality of work or all work in general will deteriorate.

Working at full potential: Keeping an employee working at full potential is the ultimate goal of employee motivation. Just as there are unlimited amounts of motivators, there are unlimited amounts of methods to help keep employees motivated. Some traditional ways or motivating workers are placing them in competition with each other. Friendly competition is a great way to generate motivation among employees. This gives a chance for employees to flex their working skills in a competition against their peers. This not only will motivate employees with a result of greater production. But the competition with recorded results will give the employer and idea of who is being most productive. Motivation is a powerful tool in the work environment that can lead to employees working at their most efficient levels of production.

Motivators Differ for Different Employees: Maslow has money at the lowest level of the hierarchy and shows other needs are better motivators to staff. McGregor places money in his Theory X category and feels it is a poor motivator. Praise and recognition are placed in the Theory Y category and are considered stronger motivators than money. Motivated employees always look for better ways to do a job. Motivated employees are more quality oriented. Motivated workers are more productive. **Steinmertz** also discusses three common character types of subordinates: ascendant, indifferent, and ambivalent all reacting and interacting uniquely, and must be treated, managed, and motivated accordingly. An effective leader must understand how to manage all characters, and more importantly the manager must utilize avenues that allow room for employees to work, grow, and find answers independently.

Motivators Differ: The average workplace is about midway between the extremes of high threat and high opportunity. Motivation by threat is a dead-end strategy, and naturally staff members are more attracted to the opportunity side of the motivation curve than the threat side.

David McClelland believed that workers could not be motivated by the mere need for money — in fact, extrinsic motivation (e.g., money) could extinguish intrinsic motivation such as achievement motivation, though money could be used as an indicator of success for various motives, e.g., keeping score. In

keeping with this view, his consulting firm, McBer & Company, had as its first motto "To make everyone productive, happy, and free." For **McClelland**, satisfaction lay in aligning a person's life with their fundamental motivations.

Elton Mayo found out that the social contacts a worker has at the workplace are very important and that boredom and repetitiveness of tasks lead to reduced motivation. Mayo believed that workers could be motivated by acknowledging their social needs and making them feel important. As a result, employees were given freedom to make decisions on the job and greater attention was paid to informal work groups. Mayo named the model the **Hawthorne effect.** His model has been judged as placing undue reliance on social contacts at work situations for motivating employees.

Robbins and Judge examine recognition programs as motivators, and identify five principles that contribute to the success of an employee incentive program:

i. **Recognition**: Recognition of employees' individual differences, and clear identification of behaviour deemed worthy of recognition
ii. **Participation:** Allowing employees to participate
iii. **Performance Linkage:** Linking rewards to performance
iv. **Reward:** Rewarding of nominator
v. **Recognition Process:** Visibility of the recognition process

C. TEAM SPIRIT IN HR

Human Resources management is an exercise in managing team spirit. Creating teams to get things done through teams is the task of management. Every organization is promoting team spirit as a part of their culture to achieve things by putting up a united front. The fourteenth principle of Management as propounded by **Henry Fayol** tells that, **'Espirit de Crops'**. This means 'spirit of cooperation succeeds' or 'unity is strength'. The 'team spirit' is what **Henry Fayol** refers to in a different shade. Winning teams must be created by mangers to achieve.

Divided house Never Wins: A divided house is never a success. An organization that makes tangible investment in making good teams in place climbs the ladder at a faster pace. Hard work if goes with team spirit performance will peak up.

Unity is Strength: The way a team plays as a whole determines its success. You may have the greatest bunch of individual stars in the world, but if they don't play together, the club won't be worth a dime' said **Babe Ruth.**

Team Spirit: Team spirit needs motivation of people, training them, caring, and making winners out of them, says **J.Marriot.** Team spirit is 'the emotional commitment of the people working for the particular business to put their hand, head and heart together for achieving the organizational purpose'.

Emotional Connection- Essence of Team spirit: The most important aspect of sharing a common goal is building a team spirit. Team spirit is a feeling of working together as one entity. Team spirit is the only ladder that can take any business to pride, expansion and success. This emotional connection of the working group provides a deep sense of making a whole lot difference through meaningful work, says **Jennie Gandhi.**

Quality Communication- Builds Team spirit: 'Team spirit' is reflected in what people in the team feel about the quality of communication in their work environment, the quality of interactions & interpersonal adjustment and the quality of feeling of 'oneness'. High quality means high team spirit and vice versa. **High team spirit** contributes to employee health, morale and performance. **Poor team spirit** at the workplace may do more than drag down morale, it can make people depressed, according to the findings of a new study published in the journal Occupational and Environmental Medicine.

1. TEAM BUILDING PROCESS: FORMING - STORMING – NORMING – PERFORMING – TRANSFORMING

Bruce Tuckman proposed a model of Team Building in 1965 with 4 to 5 phases (as in the caption above) in the process. These phases- **Forming, Storming, Norming, Performing and Transforming,** are all necessary and inevitable in order for the team to grow, to plan work, to face up to challenges, to tackle problems, to find solutions, and to deliver results and remain spirited. These phases are described now.

i. FORMING: 'Forming' of the team is the first phase. A lose group of members united by a common cause meets and learns about the opportunity and

challenges of remaining united, and then agrees on goals and begins to form a team. The forming stage of any team is important because in this stage the members of the team get to know one another, exchange some personal information, and make new friends. Team members are usually on their best behaviour but very focused on themselves. Mature team members begin to model appropriate behaviour even at this early phase. Supervisors of the team tend to need to be directive during this phase. This is also a good opportunity to see how each member of the team works as an individual and how they respond to pressure.

ii. STORMING: Every team enters the **storming** stage in which different ideas compete for consideration. The team addresses issues such as what problems they are really supposed to solve, how they will function **'independently and together'** and what **'leadership model'** they will accept. Team members open up to each other and confront each other's ideas and perspectives. In some cases storming can be resolved quickly. The members resolve their differences and are able to participate with one another more comfortably and they don't feel that they are being judged in any way and will therefore share their own opinions and views. In few cases, the team never passes this stage. The maturity of some team members usually determines whether the team will ever move out of this stage. Some team members will focus on minutiae to evade real issues.

The storming stage is necessary to the growth of the team. It can be **'contentious, unpleasant and even painful'** to members of the team who are averse to conflict. **'Tolerance'** of each team member towards the differences in the attitudes and ambitions of other members needs to be emphasized. Without tolerance and patience the team will fail. This phase can become **'destructive'** to the team as what a cyclone or hurricane can do in an inflicted area. But after the hurricane or cyclone, calmness prevails. Supervisors of the team during this phase may be more accessible but tend to be directive in their guidance of decision-making and professional behaviour.

iii. NORMING: At some point, the team may enter the **'norming'** stage. Team members adjust their behaviour to each other as they develop work habits that make teamwork seem more natural and fluid. Team members often work through this stage by agreeing on rules, values, professional behaviour, shared methods, working tools and even taboos. During this phase, team members begin

to trust each other. Motivation increases as the team gets more acquainted with the project.

Teams in this phase may lose their creativity if the **'norming'** behaviours become too strong and begin to stifle healthy dissent and the team begins to exhibit **'groupthink'** or a **'herd-type mindset'** sometimes. .
Supervisors of the team during this phase tend to be participative more than in the earlier stages. The team members can be expected to take more responsibility for making decisions and for their professional behaviour. The team feels a sense of achievement for getting so far. They would try to resist the pressure and revert to storming again.

Rules, Regulations, Procedures, Policies, Strategies, Goals, Missions and Visions are formed **as the norms** for the team in almost certain terms.

iv. PERFORMING: The team now reaches the **'performing'** stage. It works. It strives for its cause. A high-performing team is able to function as a unit as it finds ways to get the job done smoothly and effectively without inappropriate conflict or the need for external supervision. Team members have become interdependent. By this time they are motivated and knowledgeable. The team members are now competent, autonomous and able to handle the decision-making process without supervision. Dissent is expected and allowed as long as it is channelled through means acceptable to the team. Supervisors of the team during this phase are almost always participative.

v. TRANSFORMING: A team that lasts for years may transcend to a transforming phase. Transformation takes place regularly in bits as environment changes. Sometimes large bouts of change take place transforming the team very much. Such transformations can produce major changes in performance through synergy and is considered to be far-reaching.

2. TEAM PERFORMANCE : 'C-R-O-W'-'A-S-S'

It is performance that ultimately justifies the reason for existence of teams. Performance depends on team spirit and its translation into hard work. Everything depends on team spirit management. Team spirit management involves nice handling teams in different stages. The spirit of **Coming** together,

Remaining together, **Orienting** together, **Working** together, **Achieving** together, **Sharing** together and **Shining** together

Performance Matrix: Hard work & Team spirit: Performance is a mosaic of Hard work and Team spirit. Mixing of right combination is needed.

Level of Hard work		
High	Medium Performance	High Performance
Low	Low Performance	Medium Performance
	Low	**Level of Team Spirit** High

Team must be enabled to perform better. Team Enabling Activities (TEA) are presented below. These activities are necessary for High Performance of teams by keeping them High Spirited.

Team Enabling Activities (TEA)	
i.	Involve team members into action plans, programming and budgeting.
ii.	Encourage universal cooperation among team members
iii.	Divide members into small groups to help them work and support each other.
iv.	Identify and remove bureaucracy, rework, and inefficiency that dilute commitment.
v.	Build a strong and well established relationship between the organization and customers.
vi.	Involve customers in various events, training programs and celebrations.
vii.	Give autonomy to the team and keep everything as simple as possible.
viii.	Keep the rules, regulations, systems and principles lenient.
ix.	Develop a healthy environment by promoting humour and entertainment sessions.
x.	Share your cup of tea with all your team members.
xi.	Tell them your real life experiences of how you crossed all obstacles and tough times to reach the place where you are.

xii.	Avoid any kind of disagreement and miscommunication as these can lead to negative emotions and hamper the feeling of oneness.
xiii.	Place a visible board with applause for members and let the whole organization acknowledge the worth of team spirit.
xiv.	Recognize and celebrate all the significant activities and milestones reached.
xv.	Try to approach all towards a positive attitude with a feeling of 'we will win'.

D. CULTURAL MANAGEMENT

Culture in an organization is comprised of shared values, goals, norms and processes. Leadership creates and reinforces culture. A leader's beliefs and values create the direction and the boundaries that people need to perform well. In the great book, 'Good to Great' (2001) Jim Collins asserted, 'Good-to-Great companies built a consistent system with clear constraints, but they also gave people freedom and responsibility within the framework of that system'.

Culture comes in many shapes, shades, similes and sizes. Culture pervades all human actions- areas such as politics, business, education, faith, mentality, behavior, lifestyle, etc. Cultural sensitivity is needed for all to be successful. In fact MNCs need to get themselves learning how to be culturally sensitive to succeed in the market. Lack of being culturally sensitive led to failure of many businesses. Of course businesses can inject new cultural edifice surreptitiously consciously or otherwise and new cultural patterns could be enabled to emerge.

1. CERTAIN CULTURAL CONTOURS

a. Definitions of Culture

Culture can be defined as, **'All the behaviors, ways of life, arts, beliefs and institutions of a population that are passed down from generation to generation'.** Culture has been called, **'the way of life for an entire society'.** Culture includes, **'Codes of manners, dress, language, religion, rituals, norms of behavior such as law and morality, and systems of belief as well as the arts, gastronomy, matrimony and so on'**. There are cultural patterns, fades, differences, dynamics, shocks and resilience.

Culture is **'that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society'** defined **Edward Burnett Taylor** (1891), .

More recently, the **United Nations Educational, Scientific and Cultural Organization (UNESCO)** described culture, **'as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs'**.

Culture is better understood by similes. There is a handy example, the **American Dream.** The American Dream is, **'a belief, held by many in the United States that through hard work, courage, and self-determination, regardless of social class, a person can gain a better life'**. This notion is rooted in the belief that the United States is a 'city upon a hill, a light unto the nations' which were values held by many early European settlers and maintained by subsequent generations.

b. Nature of Culture

Culture is prescriptive and shared. Culture prescribes acceptable beliefs, behavior and attitude. Smoking in public places once, acceptable, now has become un-acceptable. Culture is shared by the members so that its prescriptive aspect can be reinforced.

Culture is learned. No one is born genetically with this or that culture. It is learnt by observation, indoctrination and exposure. If one learns one's community's culture that is **enculturation or socialization**. If one does learn the culture of other community or race, that is **acculturation.**

Culture Changes: Gets Enriched or Eroded. Cultural change takes place due to education, exposure, experience, exigencies extremities or errors. Yet the 'core' of any culture remains hard to 'crack'. Peripherals change. Nucleus remains intact. But the 'domain and dimension' of the 'core' may be re-defined or re- demarcated.

Culture is cumulative as it adds newer nuances as the world order changes and new material artifacts emerge. Each generation adds something to its culture. **Culture thus endures**. In the process a culture may look totally transformed over a millennium or so. This is cultural adaptation or change. **Culture is dynamic.** No culture can remain static, because environment changes. Through dynamic character only, can a culture remain endured and expanding.

c. Culture Manifests in actions and subtle ways

Manifestation of culture may be through actions or through subtle means. Culture is manifested in **music, literature, painting and sculpture, theater and film and other things**. Some people identify culture in terms of consumption and consumer goods (as in high culture, low culture, folk culture, or popular culture). But anthropologists understand "culture" to refer not only to consumption goods, but to the general processes which produce such goods and give them meaning, and to the social relationships and practices in which such objects and processes become embedded. For them, culture thus includes technology, art, science, as well as moral systems. Culture defines fundamental beliefs and values about individual and group behavior in given contexts. It shows ways in which people interact and communicate with others (young, old, neighbours, others of different race/religion/region and strangers), develop and maintain relationships, choose their life styles including dress, friends and life partner, decide on avocations, risk levels of avocations and so on.

The **manifestation of culture may be through subtler ways** too. Subtle means are those that are not articulated obviously but observed delicately, intricately and through finer unexpressed sentiments. Contextual silence communicates more than conversational messages or pictorial presentations. Culture is thus has **subjective** aspects.

d. Types of Culture

There exist **high culture** and **low culture**. The culture of the aristocrats is called **'high culture'** which involves **expressive or conspicuous consumption**. Posh bungalows, lavish life style and so on exhibit the wealth of people. High culture stresses refinement and sophistication of life style which is

considered by others as corrupting and unnatural developments that obscure and distort people's essential nature. **Low culture** refers to the **mass culture or popular culture** thriving on goods and activities produced for, and consumed by the masses. **Low culture** is need based consumption for supporting a subsistence living closely aligning with the natural environment. Indigenous people living authentic unblemished lives, uncomplicated and uncorrupted are projected as 'noble savages'. A person of low culture will find a cultural shock in a high culture environment and vice versa. Such scenarios are exploited in films with many films portraying the hero from a low culture and heroine from a high culture. Initially culture shock is mutually exhibited by them, before reconciliation or reinforcement of the shock.

There are **'civilized' and 'primitive' or 'tribal'** cultures as well. The civilized culture is a culture of modern society with measured rights and commensurate responsibilities. The **tribal culture is devoid of human dignity**. It is instinct based. This classification is based on what people really do rather on what they profess to do. That way, tribes may be more civilized and the so called civilized may be more 'tribal' in their act. A tribal will find cultural shock in the other culture and vice versa.

Western Culture and Oriental culture: **Western culture** is sometimes referred to as European culture. This is most easily seen in the spread of the English language and to a lesser extent, a few other European languages. Dominant influences include ancient Greece, ancient Rome, and Christianity, although religion has declined in Europe. In the West, efficiency, adhering to deadlines and a host of other similar habits are considered normal and are expected. Individuality and aggressiveness are considered as virtues. **Eastern or Oriental culture** is more spiritual value oriented. Work is worship. Group and collectivism, despite hierarchies, are valued. Individuality and aggressiveness can often be interpreted as a sign of disrespect! Oriental culture is used to a system of hierarchy in the work-place; senior colleagues are obeyed and respected. The educated have learnt to adapt to the western culture, of course. That is their great ability to contextual cultural adaptability.

e. Cultural Exchanges and Uniqueness

Bordering nations/regions tend to have some cultural mixtures. Many regional cultures have been influenced by contact with others, such as by colonization, trade, migration, mass media and religion. India did not lose her cultural identity despite being under different rules for centuries by diverse religious lineage. That is Indian culture's uniqueness. Normally, if you have your own culture, there is less need for following other's culture. But, African culture, especially Sub-Saharan African culture has been shaped by European colonialism, and, especially in North Africa, by Arab and Islamic culture. This is **'Acculturation'** which means replacement of the traits of one culture with those of another, such has happened to certain Native American tribes and to many indigenous peoples across the globe during the process of colonization. This may also be called **'trans-culturation'**

Humanity is in a global 'accelerating culture change period', driven by the expansion of international commerce, th mass media, and above all, the human population explosion, among other factors. **Culture change** is complex and has far-ranging effects. India, in the advent of this century, reflects a very promising image for the future. It is not only one of the most lucrative regions in the world for foreign investments but also an emerging power in the global economy. In such a business scenario, the one thing that the Indian professionals need to open their minds to is 'Working in a Multi – Cultural Environment'. India has no difficulty in this as most of her professionals have studied/worked in overseas environment.

f. Cultural shock and **Reverse Cultural shock**

Cultural shock is a situation of strangeness or unacceptability or frustration felt by one group or one person in the material, social, political, technological, spiritual or economic spheres of life in a different geographical or political regime within or outside its/his native land. The days of globalization involve great cultural shocks. Eating habits of one culture is a great shock for other cultures. Example: Chinese eat fish stomachs, Japanese eat uncooked seafood, Iraqis eat salt dried locusts, French eat snails, and Americans eat beef an average of 100 pounds a year. From other's perception these eating habits are cultural shocks. But in due course of time, due to assimilation and acculturation cultural shock recedes. Later when the group or persons encounters its/his own culture it/he may find a **reverse cultural shock!**

g. Business Awareness of Cultures

Businesses need to be aware of the culture of people they interact with to be successful. Within a country there used to be cultural differences across different societies and across regions as is the case in India. There will also be cultural stereotype as found in the totalitarian Middle-east nations. Understanding those differences as well as uniqueness and adapting to them is the key business success. Hence is the significance of studying cultural environment.

The difficulty in understanding culture is same cultural symbol may mean exactly opposite meaning in two cultural groups. For instance a palm posture with the thumb in union with the indicator finger and other fingers raised fully means 'fineness' in USA, 'fineness' or even 'oneness with the God' in India, and 'zero or worthless' in France. In Germany it is used to tell a fellow lunatic, in Japan it means 'money or exchange' and in Germany it means 'some obscenity'.

2. CULTURAL ADAPTABILITY VIS-À-VIS INDIVIDUALITY

As every individual is unique his/her cultural sensitivities differ. There used to be several permutation and combinations of the diverse factors that make up the cultural mosaic. These factors accentuate **cultural individuality** to dominate. At the same an individual has to depend on others for economic, social, religious, political, technological, cultural, educational and other purposes. So interactions are a must. Then 'give and take' **mutual dependence** takes place leading to **cultural adaptability**. This is true for individuals, families, societies,

Factors Propelling Individuality or Adaptability

The cultural mosaic is made up by a mix of several factors in different proportions. The **Nation**, **Religion, Social Stratifications** (such as Race, Community, Caste or Tribe), **Region, Language, Communication Styles, Attitudes of People** (such as motivations, relationship preferences, risk preferences, etc.), **Perception, Obtaining and Processing of Information by People** and other cultural factors influence the individuality or lack of it..

Factors	Difference I	Difference II	Difference III	Difference IV	Difference V
Nation	Size: Big or Small	Democratic or Despotic	Pluralistic or Particularistic	Capitalistic/ Socialistic	Other Differences
Religion	Festivals	Rites/Rituals	Ceremonies & functions	Philosophies	Other Differences
Social Stratifications	Race	Community	Caste	Profession	Tribe
Region	North, South, etc	Developed/ Undeveloped	Linguistic Denominations	Polar/ Equatorial	On-shore/ Off shore
Language	Global	National	Regional	Sub-regional	Others
Communication Styles	Systemic	Adhoc	Pure	Slang	Adapted
Family	Nucleus	Joint	Individualistic	Caring	Co-opting
Attitudes of People	Motivation	Relationship	Preferences	Risk	Out-reach
Information Management	Perceiving	Obtaining	Processing	Inferring	Acting

Large societies often have subcultures, or groups of people with distinct sets of behavior and beliefs that differentiate them from a larger culture of which they are a part. The subculture may be distinctive because of certain demographics like age, race, ethnicity, class, gender or language. The qualities that determine a subculture as distinct may be aesthetic, religious, occupational, political, sexual or linguistic a combination of these factors.

a. The Nation

A nation as such may mean a particular culture. India for long time was seen as a country of 'proletarian, yes-men and snake-charmers'. This has now changed into a country of 'professionals, yeomen doers and strategic thinkers'. Indians are now regarded as English-speaking soft-mannered high achievers with professional and business acumen. Aggressiveness can often be interpreted as a sign of disrespect in India and may lead to a complete lack of communication and motivation on the part of the Indians. One needs to take the time to get to know them as individuals in order to develop professional trust. Indians are good hosts and indulge in personal talk often. All this is very much a part of business. One is expected to accept the invitation gracefully. Taking a

simple bouquet of flowers would definitely be a welcome gesture. Indians respect people who value their family. They will allow family to take priority over work, whenever necessary. As Indians are used to a system of hierarchy in the work-place, senior colleagues are obeyed and respected. At the same time, 'talents are respected by the talents'. Educated Indians have learnt to adapt to the western methods of monitoring one's own work and completing it on schedule

b. Religion

Religion is integral to a culture. The Dictionary of Philosophy and Religion defines religion, ' as an institution with a recognized body of communicants who gather together regularly for worship, and accept a set of doctrines offering some means of relating the individual to what is taken to be the ultimate nature of reality'. Religion often codifies behavior, such as 'the 10 Commandments of Christianity' or the 'five precepts of Buddhism' or the '5 times prayer a day' by the Islam. Sometimes it is involved with government. It influences arts and architecture. Religious symbols are worshipped and revered much. Festivals, rites and rituals, ceremonies and functions and philosophies of business are based in religions. Lot of business fortunes surrounds these religious variables.

i. Festivals: The Christianity celebrates Christmas, New Year and Good Friday in memorable ways. The Muslims celebrate Ramadhan, Bhakrid and Muharrum. The Hindus have celebrations every month. Deepavali, Dasara, Ramnavami, Krishna Jayanthi and Sankaranthi/Pongal are great festivals. Besides these, there used to be whole lot of local festivals, especially for the Hindus like sanctification of new temples, periodical re-sanctification of old temples, the early morning prayers during the 9th month of solar system, etc. Purchase decisions of personal and family wares including ornaments coincide these festival days. Even business decisions like starting new ventures or expansion are firmed up on these festivals. Businesses in India book more sales during festival days.

ii. Rites and rituals: Religious rites and rituals like compulsory 5 times prayer a day by the Muslims, Sunday church prayer by the Christians and weekly fasts on specific days, religious pilgrimage on foot, etc by the Hindus abound. All this makes the people moving out, alms giving, etc. these have some business implications boosting certain trades and businesses.

iii. Ceremonies and functions: Ceremonies abound. On important milestones in one's life like attaining puberty, on the eve of becoming first-time parents, etc. and anniversaries of sort like birth and marriage for the alive, and death anniversaries of one's parents all involve ceremonies. Functions like marriage, house warming, etc are occasions when big parties are arranged and good show of one's economic strength is exhibited. All these have great implications, especially for textile, ornaments, grocery and other businesses.

iv. Religious Philosophies impacting business: The Muslims don't charge or take interest on loans given as it is forbidden. That is the reason a new banking called Islamic Banking is developing now, extending to insurance as well. Among the Hindus, there are sections that are pure vegetarians.

c. Social Stratification (Race / Community / Caste / Profession/ Region)
Cultural groups exist based on affiliations. The affiliations might be 'ascribed' or 'acquired' membership. The **'ascribed' membership is based on 'birth' like gender affiliation, age, caste, race, nationality** and the like. The **'acquired' membership is earned by one's education, profession, religion, political affiliation, life styles**, and the like.

i. Race: Race is an **'ascribed'** cultural factor. Racially Indians belong to the **Aryan and Dravidian races**. The Dravidian race has been little slow to take to business and had been tillers for long time and that had reduced their wealth base. Now there is a change. The south India is dominated by the Dravidian race and the north by the Aryan. But the Dravidian race has been subjugated by the Aryan race. Yet Dravidian race has learnt the art of governance. For an outsider, the racial differences are rather subtler than outwardly manifest.

ii. Communities: There are numerous communities with lot of ethnic symbols which are held so dear to their hearts. There are proletarians, traders, business people, tribal, educators, financers, nomads and so on. Certain communities are smart in business acumen and take to entrepreneurship rather than being proletarian. The Baniyas of Gujarat, the Chettiars /Nadars of Tamilnadu, the Brahmins, Saits of Rajasthan/Maharastra, the Nairs of Kerala, etc are known to be having higher entrepreneurial nuances. Thus they happen to be the business

community with more wealth accumulated over centuries of business. Certain communities give importance to education, material and/or spiritual.

The Government has classified the communities for better targeting its development schemes. Accordingly there are: Scheduled Casts/Tribe, Backward Community and Forward. There are educational and job reservations for the Scheduled Casts/Tribe and Backward Communities. These reservations have lot of business implications for the opportunities of education are taken to the less privileged and that businesses have more educated people to recruit. Opponents of reservation would argue that reservations per se reduce the quality of education and job performance because to an extent the meritocratic is denied chances of education and placement.

iii. Caste system: Caste system is an 'ascribed' cultural factor. It is rampant that restricts matrimonial exchanges within the castes only. This has become a vote bank now-a-days and the voluminous castes have more elected representatives than the smaller castes. There are caste associations and caste based upheavals in certain pockets that tend to affect peace and business interests.

iv. Profession: Profession is an acquired cultural factor. Accountants & Auditors, Investment consultants, Physicians, Engineers, Professors, Soft-ware experts, Architects, Bankers, Politicians, etc are certain professional groups. Life styles, social status, motivations, etc differ amongst professions.

e. Region

India is fairly a big country, though only one time zone is followed. The northern states reel under cold and hot for 6 months while the south used to have normal temperature. This variation speaks that the country is not small, though only 2.4% of world land mass it has. There are different regions. There variations in regional developments as well. The central, central east, north east and extreme north-west are less developed. Political factors, insurgency problems, lack of opportunities for education, poor infrastructure because of the terrain features, etc combine to make these regions less developed. Lesser the development, more are the exploitation of the proletarian and weaker the governance. In the way fellow human are treated, particularly women, cultural richness differs. The index of safety to person and to modesty of women is not

that high in the insurgent inflicted regions of the country. Then, they stand low on cultural richness. Further a huge order vicious cycle, that is difficult to break, prevails. This has business implications. You can take it either way; less or more opportunities. Less, because of the fact, that the supporting structure is non-existent. More, because of unexploited resources abound. Fortunately or unfortunately, more of mineral resources, oil, iron ore, coal, etc abound in these areas. With political culture, the regions can be made as good as other regions of the country. There emerge more business opportunities.

f. Language

Languages abound. There are really too many languages and too many cultural patterns too. The demarcation of states other than those in the Hindi-belt, are language based. It is sacred cow and a local politician can simply pump in / blow hot venomous passions on language veil should he want to score something over someone, by simply linking some frivolous issue to the language. You have to be very careful as much as I am when I make the statement in your lesson Language has lot of business implications. Should information brochures and advertisement messages be in as many languages or simply a few or just one. With umpteen languages any sound will have some meaning, good or bad, in some language or the other. So, even naming brands must be carefully done, lest the brand may hit a dead-end. Even within the same language a word may convey different meanings for people from different countries speaking the same language. Note, at least 4000 words in English have different meanings in England and in the USA. For instance the word, 'turnover' in USA meaning sales, however means 'redundancy' in the UK. Cultural nuances are exhibited through choice words in any language. An alien business person may not know this. 'You' and 'Your Excellency' effectively means 'you', but the latter is full of packed respects. Arabic language has more than 6000 words to describe camels, their bodies and equipments meant to deal with the camels. Arab culture is intimately related with the camels and that the language is also made richer in terminological exactness when referring to camels. Sanskrit is known for special sounds that no other language has and that best suited to offer obeisance to God in rhythmic wavelengths of appropriate order.

A particular syllable or combinations making up a word in a language with particular meaning may mean a different thing in a different language.

The **business world** is littered with poor translations that have caused great embarrassment to their perpetrators due to their lack of cultural sensitivity. The following are some of the choicest examples.

Both Clairol and the Irish alcoholic drink 'Irish Mist' did not properly consider the German language when they launched their products there. Both Clairol's hair-curling iron 'Mist Stick' and the drink 'Irish Mist' flopped as 'Mist' translates in German as 'manure'. The **Japanese product names** such as **'homo soap', 'coolpis', 'Germ bread' and 'Shito Mix'** could mean certain awkward things in plain English. **Coors Brewing Company,** fifth largest in the world, had its slogan, **'Turn it loose'**. This translates into Spanish, as **'Suffer from diarrhea'**.

All the examples cited above could easily have been avoided by conducting some basic research in respect to checking the concept, design, shape, color, packaging, message or name in the target culture.

In the majority of cases it is simply assumed that "if it is OK for us it is OK for them'. If businesses want to succeed internationally, cultural sensitivity must be at the heart of everything they do; from their personal interaction and relationships with clients to the products/services they develop.

g. Attitudes of People (Motivations, Relationship and Risk Preferences, etc)

Culture is reflected by people by their attitudes. Motivation, relationship and risk preferences are certain cultural variables.

i. Motivations: Motivations towards work and leisure, materialism and spiritualism, education and earnings, power and responsibility, women and downtrodden, success and reward, quality and quantity, ends and means, aged and infirm, parents and children, masters and sub-ordinates, haves and have-nots, quick money and hard-earned money, etc reflect cultural tendencies of people. In the West more motivation is found in favour of leisure, materialism, earnings, power, reward, quantity and ends. Motivations change as they achieve economic gains. People are motivated to work if rewards for success are more certain. In India we say the work, spiritualism, education, responsibility, success,

quality, means and hard-earned money are preferred the most. Concern for women &downtrodden, aged & infirm and sub-ordinates, love for parents and children and respects for masters is spontaneous.

ii. Relationship preferences: Relationship preferences refer to the kind of interactions one would prefer to have with superiors, peers and sub-ordinates, the kind of orientation one has – individualism or collectivism and the like. If the power distance is more one would like to have less interaction with the superior. In the European culture the power distance is less than in the Asian cultures. A European manager when transferred to an Asian position, she would dialogue with her subordinates. And the subordinates might not like this as they are used to power distance and minimal direct interaction with the boss. They interact among themselves more, anyway. Peers generally interact more, when not in perceived threat of being over-taken by others of the group. In countries like USA, Canada, UK, Australia and the Netherlands the score for individualism is more. The Latin American countries and the Asian countries like India and Japan have high scores on collectivism. Kinship based collectivism prevail in China and Mexico.

iii. Risk preferences: Risk preferences involve going the extra mile, by the unchartered waters. In countries where the preference for uncertainty avoidance is more, superiors have to lay down clear-cut norms of behavior. Portugal, Greece, Uruguay, Belgium, etc have less tolerance for uncertainty. Most west-European countries have high tolerance for uncertainty. India is a country of uncertainty; therefore you prefer or not uncertainties are there to take. Hence there are only accidental entrepreneurs unlike in the Europe where entrepreneurs by choice abound.

h. Perception, Obtaining and Processing of Information by People

People of different cultures perceive, obtain and process information differently.

i. **Perception of information:** Perception is based on the sensual inputs. For some cultures, due to partly genetic factors, the sensual inputs are very precise enough to perceive the subtler elements of the objects. For the proletarians a red is red, but for the professional red may mean crimson red, blood red, chilli red, wax red, tomato red and so on. The cue is same, but the perceptions differ based

on exposure and linguistic abilities of expressive variations. Arabic language has more than 6000 words to describe camels, their bodies and equipments meant to deal with the camels. So, Arabic speakers will have more expressive power over other language speakers. A person used to find fault will say a glass is half-empty, while other person looking the positive side will say, the glass is half full. The cue is same, but perception is different, based cultural personality differences. There are both kinds of Indians.

ii. Obtaining information: Obtaining information may differ across cultures. Two kinds of cultures exist, low context and high context. The **low context culture** places value on the core issues, direct issues and black & while information. The **high context culture** places emphasis on peripheral, indirect and intuitive & inferred information. The high context culture people don't trust the low context culture as being more transaction oriented than relationship oriented.

iii. Processing of Information: Processing of Information varies across cultures. Even telephone directories may be alphabetized differently. In USA the ordering is based on last name, while in Iceland it is first name based. Again, when dealing with customers, in India better you finish the deal with the first comer, before a next person is entertained even for the same kind of transaction. This is **monochronic processing**. If the second person is also simultaneously entertained, the first person thinks he is slighted away and the business party is not interested in the deal. This is so in the northern Europe as well and the USA. But, in southern Europe, **polychronic processing** is order, where many customers are simultaneously attended to.

3. MANAGEMENT OF CULTURAL DIVERSITY & MULTICULTURALISM

HRM constitutes a major constraint when MNCs try to implement global strategies, mainly because of the different cultural and institutional framework of each country in which the MNC operates. Cultural diversity has become a major issue in businesses, particularly multinational businesses. Companies should learn how to manage cultural diversity of human resources so that they attract and retain the best talent. Even in class issues of cultural diversity are becoming important ones as international Universities have learners across the world. Several techniques are applied to teaching to accommodate students of diverse

backgrounds. Teachers are aware of the fact that some learners are stereo types (will stick to own style, whatever it be), some are ethnocentric (thinking that own national style is the best), and some are prejudice (refusing to see the reality). As teachers apply diverse management techniques like multiple intelligence theory, active learning, technology and multicultural education, companies must do similar kind of things when facing cultural diversity.

3.1 Micro and Macro Management of Cultural Diversity

Micro management of cultural diversity is about dealing with day-today management of cultural issues paying attention to small details of events or situations. Micro management is called for when 'initiation of any work, project or process' is involved. By micro managing the leader's attention goes into 'giving direction, expressing commitment, enabling every stakeholder to perform in the intended way and creating a culture of deliverance'. The 'tempo and tenor' are established. Sensitivity is built. Trust, Timing, Tenacity and Thread-line are created. Micro management is not sitting on the neck of others, but setting the team to get ignited by leading from the fore-front of everything, until self-propulsion by the second-line gives hope of 'leave it to us, we will do even better'. Macro management is about 'Policy Governance' on the Cultural side of businesses. Choosing the policy option that suits well is the thrust.

a. Micro Management of Cultural Diversity

Accept Diversity: One should expect to find substantial cultural diversity problems where individuals, who traditionally do not have a history of mixing, are now working together to achieve organizational goals. A pro-active strategy requires 'accepting cultural diversities' as an opportunity to make right portfolios of cultural assets. The management must progressively accept rather than trying annulling of diversity. Diversity management is all about providing a work environment wherein all employees feel valued and empowered.

Today with convergence of technologies in the Information-Communication world, everyone is exposed to diverse cultures and that by the time people join an MNC there is no situation of 'first-time-encountering with a particular culture' for most employees. Employees expect a certain level of cultural diversity. Expected things are mostly 'accepted' as way of life.

i. Respect Diversity: In a culturally diverse environment it is imperative that one understands the dynamic elements that make us all different. As these differences influence the way individuals behave, it will influence their interaction in the workplace. Respecting the Diversity goes a step above 'accepting diversities', because 'cultural sensitivity' is created. Respect comes from heart. Acceptance comes from head (for reasons of: i. fear (if the other cultural group is dominant, politically or otherwise) or ii. Favour (if the other cultural group though a minority has reward power).

Respecting Diversity might require doing certain things or backtracking on certain things. An instance of backtracking is a case in point in respecting a culture. McDonald's spent thousands on a new TV ad to target the Chinese consumer. The ad showed a Chinese man kneeling before a McDonald's vendor and begging him to accept his expired discount coupon. The ad was pulled due to a lack of cultural sensitivity on McDonald's behalf. The ad caused uproar over the fact that begging is considered a shameful act in Chinese culture. In Human Resource Management area too this king of cultural sensitivity adjustment that is tantamount to respecting cultural diversity is needed. **To respect diversity is a 'courage flowing from strength' and 'hating diversity is a diffident behavior flowing from weakness'.**

ii. Promote Unity in Diversity: In a work place promoting unity amidst cultural diversity is needed. To a great extent we can say that in modern times United States and MNCs present a fairly good example of such unity in diversity or what is called today as cultural pluralism. Cultural diversity is indicative of the humanity's creative power and wisdom and is good and healthy since it endows human life with richness and variety. To derive benefit from this diversity is to not allow it to generate unhealthy schisms and divisions in their ranks, but appreciating diversity. There emerges the culture of 'unity in diversity Employees can work on a project 'diversity awareness' and this will create understanding.

A workplace that promotes 'unity in diversity' is characterized by high employee morale, creative work environment free from harassment, low attrition rates and satisfied clients. Progressive organizations recognize and promote differences as an added value to the work environment. They understand how

various dimensions of diversity affect performance, motivation and interpersonal relations.

iii. Communicate for Cultural Mosaic: Making a mention of cultural diversity and understanding and appreciation of the same in the company's newsletters can promote cultural mosaic. That is people have different faiths, but also have faith in the company as their life-line with a distinct purpose. It should be communicated to all employees that they are valued irrespective of their age, appearance, origins and beliefs, encompassing differences beyond sex and race. Diversity should be respected from top down for it to be a tool of success and there should not be any secret about it. There should be prominent communication so that diversity-respecting consciousness and conviction are created Of course, diversity consciousness cannot be just mandated into the corporate culture. It has to be an attitude (a sense of belonging, of mutual respect and of `them' being part of `us') ingrained in the employer as well as the employee. This is better achieved.

iv. Share Similarities: Organizations established in countries sharing similarities in national cultures are likely to be characterized by similar values, beliefs, and assumptions, in short, that similarities in national cultures are likely to nurture similarities in organizational cultures. Japan and Arab countries are similar with respect to several cultural dimensions; thus, the organizational cultures of the four universities are expected to reflect such similarities. This is called "culture-bound" position. But a better position, is 'agreeing to different cultures' by underscoring the 'binding similarities' and 'not weighing much the dividing lines'.

v. Converge to a Composite Culture: It is possible to be true to one faith and at the same time being accommodative of other faiths. This happens when a super-ordinate goal binds everyone together. Organization must indoctrinate that 'super-ordinate goal' in the neurons of the organizational members. This is adaptation. The Westerner adapt to the Oriental cultural environment and vice versa which supports the notion of cross-vergence or Convergence.

vi. Avoid Culture Related Burnouts: Occupational burnout happens, due to insensitivity to/ too much stereotype orientation in a context of cultural

differences. A comparison between Israeli Jews and Arabs, who live in the same country but are culturally different can throw some light. Arabs are traditional and collectivist while Jews are post-traditional and individualistic. Arabs' burnout correlated with the quality of relationships with mother and father, but that of Jews with superiors and co-workers. Hence, solutions for organizational problems may lie outside the organization. This is one aspect of organizational burnout. Others may relate to cultural insensitivity some hurting the feelings of others. This should be avoided.

b. Macro Management of Cultural Diversity

Macro Management of cultural diversity sets up the policy guidelines for cultural governance. For MNCs policy options involve the interplay between uniform global culture or local integration. Heenan and Perlmutter's (1979) use the four terminologies, to depict the options; these are: (i) ethnocentric, (ii) polycentric, (iii) region-centric and (iv) geocentric. In general, these 4 options are followed corresponding to the phases of 'inter(multi-)nationa(globa)lization'. In the MNC life-cycle literature 4 phases are presented by Adler and Ghadar and these are: Domestic-dominance (Phase 1), International-dominance (Phase 2), Multinational-dominance (Phase 3), and Global-dominance (Phase 4.Ethnocentrism, Regio-centrism, Poly-centrism and Geo-centrism are the different policy options to choose from. Depending on the level of internationalization different options may be adopted.

A central issue is whether the HRM of foreign subsidiaries is determined by the "foreignness" of the invested capital (ethnocentrism) or by locally prevalent customs and practices (poly-centrism) or regional broad patterns (region-centric) or one global unique pattern. How do MNC subsidiaries of North American, European and Japanese origin based MNCs (major origins of MNCs) significantly differ?

i. Ethnocentrism

Ethnocentrism involves no cultural adaptation even when you deal with aliens in home country or in the foreign countries. This involves 'infusion of home culture' in the alien contexts as well. May be you deal more with more of your own ethnic groups and that it does not warrant adaptation or you feel confident that you should not lose your cultural identity or you feel that others

will adapt to your culture which you feel very superior. The human resource situation may not need adaptation, but the communication might need adaptation. Transnational corporations in the late twentieth century preferred to choose their chief executives from members of the nation in which they originated, or where their headquarters are located. This is what is called as, 'home-turf' effect or 'the country of origin effect'. American MNCs had a more ethnocentric approach in their management and, therefore, it was more likely to find transplantation strategy (recruiting HQ trained personnel in the Subsidiaries) than in MNCs of European or Japanese origin. But as MNCs mature, this ethnocentrism pales out. Yes, when an American business in Chennai with mostly 'Whites' in the human resources stock, ethnocentrism policy is more likely to be adopted.

But sticking to ethnocentrism should not have any opportunity cost of foregone revenue. Recently, 'the country of origin effect' or ethnocentrism has been challenged by 'reverse diffusion'. According to research outputs, MNCs tend to import or diffuse innovative practices that turn out to be efficient in a specific subsidiary to headquarters or other foreign operations. The recent changes in HRM in Swedish MNCs, argue that the country of origin effect is eroding in the globalized economy.

Further there is link between strategic intent and HR policy, like the type of investment in the subsidiary and the HR culture. In the case of investment for the cost advantage, the MNCs try to take advantage of the cost competitiveness of the local environment such as low labor cost, tax benefits, and/or low raw material costs. Then, it is more likely that the headquarters office tends to impose the HRM practices that have already been proved as efficient in their home country. Ethnocentrism is followed when the entry strategy is one of 'green-field' as the MNC wants to build its homegrown proven practices overseas. Therefore, there are more chances that a 'transplantation strategy' or 'ethnocentrism' is adopted in green-field site subsidiaries.

ii. Poly-centrism

Poly-centrism involves cultural adaptation based on requirement in a given context even within a region/nation. One-form of polycentrism is identifying with the local culture in entirety. This is a highly localized format.

World-wide pattern may get sacrificed at the altar of fulfillment of localized pattern. Another form is every outlet is polycentric in its offering. Much pluralism or adaptation is followed. High-star hotels have different cuisine to delight every taste bud. MNCs have to adapt to this. Research findings support this. HRM practices of MNC subsidiaries in many host-countries bear a close resemblance to those of indigenous firms. This result implies that the MNCs' HRM practices become more isomorphic blurring the differences between foreign subsidiaries and indigenous firms, and between different countries of origin, due to the common use of the best practices and bench marking. IBM's people policies such as 'respect for individual', 'diversity in workforce', 'best person for the job', technical and leadership training and career growth are easily the best in the Industry and they depict a Regio-centrism. Japanese MNCs have a tendency to adapt to the 'local environment and practices'. In particular this tendency may be more prevalent in countries like Korea, where the HR practices almost converge with those of Japan. The odds of choosing a poly centrism over other options by Japanese subsidiaries are 2 times higher than European subsidiaries and 3 times higher than North American subsidiaries; those by European subsidiaries are 1.5 times higher than North American subsidiaries.

Further when the MNCs' investment strategy is one 'market orientation' than 'cost orientation' as the gear shifts to a long-term perspective of developing the subsidiary as a hub of market expansion to other markets, the emphasis is on localization of HR to carefully select key local talents, train and motivate them. Therefore, MNCs with a market orientation investment strategy are more likely adopt localization HRM strategy or poly-centric. If the entry route is one M&A, the acquired foreign subsidiary has a pattern or history or an organizational inertia and it has to be continued at least until rewritten. So poly-centrism gets on.

iii. Regio-centrism

Regio-centrism involves cultural adaptation based on the regions served. MNCs attempt to maximize their abilities to respond to the needs of the host countries (local responsiveness), while trying to maintain their controlled corporate structure worldwide (global integration). Oftentimes, the more autonomy foreign subsidiaries have to act independently and respond to local demands, the less integrated the worldwide organization becomes, - and this is the Regio-centrism. In the Gulf region businesses must have an ethnic person inducted as a stakeholder.

iv. Geo-centrism

Geo-centrism involves common offering to the whole world as the whole world is treated as one culture. Strong brand strength and superior corporate image make companies follow this approach. Pepsi or Coke follows this. Similarly, computer firms offer same models all over the world. This reduces cost due to scale advantages. Mobile handset companies do this. It must be noted that they have a range of offering, but it is same for all markets. This is perhaps 'acculturation', that is a negation of culture as such.

To culture is to cultivate or to grow. Culture has dimensions of refinement, continuous improvement, transmission down to generations. Organizational culture is cultivating the set of values and norms for conducts within and outside the organization, refining these conducts, improving upon these conducts and transmitting these to the generations down.

3.2 Multiculturalism & Managing Cultural diversities

Multiculturalism: Multiculturalism is the acceptance of multiple ethnic cultures, for practical reasons and/or for the sake of diversity and applied to the demographic make-up of a specific place, usually at the organizational level, e.g. schools, businesses, neighborhoods, cities or nations. In this context, multiculturalists advocate extending equitable status to distinct ethnic and religious groups without promoting any specific ethnic, religious, and/or cultural community values as central. Multiculturalism is different from multi-nationalism. A country may be multi-national without being multicultural.

Multiculturalism is a fairer system and allows people to truly express who they are within a society. In societies where ethnic groups have comparatively equal status, difference is tolerated better. Multiculturalism is a better system because culture is always changing.. But, enforced multiculturalism ultimately erodes the host nations' or the parent's or subsidiary's distinct culture Such cultural demise is not good either. But does the host culture really die? No. It lives and lets other cultures to live side by side.

Globalization, MNCs from different continents operating in different continents and increasing intergroup differences have created scholarly attention to the management of diversity (e.g. race, age, gender, nationality, social

sensitivity, etc). Now United States population has changed that one of every three Americans is 'non-white'.

Alien Encounters: In the changed profile business platform, very few businesses can escape the need to deal with foreign colleagues, clients or customers. Business is international and if an organization wants to develop and grow internationally, multi-nationally, globally and trans-nationally, it needs to harness its potential for such a platform, which is essentially one of becoming culturally diverse.

"One's Way" 2 'Their Ways": In the 1970s and earlier British, European and American organizations doing business abroad had very little competition due to the lack of rival industrialized nations. These businesses practiced 'ethnocentrism'. Back then, it was easy to do business "one's way". Beginning the 1980s, with Liberalization, Privatization and Globalization drives, today some of the world's largest economies include Japan, China, Mexico, Brazil, India and Korea. As a result there has been a small shift from "one's way" to "let's try and understand 'their ways too". Organizations become, in the process multi-cultural.

Multicultural organization: A multicultural organization espouses and values diversity in the workforce. These organizations attempt to create distinctive competencies or competitive advantages through diversity. Women and minorities are widespread at all levels of the organizational hierarchy resulting in increased creativity and problem-solving abilities. The inclusion of views and efforts from a diverse employee population enhances creativity and cooperation among work groups.

Multi-cultural teams: Teams composed of members with diverse backgrounds and characteristics produce a wider variety of ideas, alternatives, and solutions than teams composed of people with similar demographic characteristics The IPL 20-20 cricket series became an instant hit with cricket teams formed with cricketers from many countries mixed-up, the national identity of teams given a go-by or goodbye. And we find greater cooperation and understanding and synergy through learning from each other from the perspective of team-mate rather than opponent. Personality, training background, leadership abilities, age,

sex, and ethnicity differences of team mates really lift the team's competitive competence.

Cultural Sensitivity to Heterogeneity and Synergy go together: Cultural sensitivity is a great organizational response most needed today. It means a sense of empathy, flexibility and creativity informed by cultural knowledge. Businesses have learnt the importance of cultural sensitivity the hard way, that is from failures of products and markets due to lack of cultural sensitivity.

Numerous researches have shown the positive effects of heterogeneity in human resources. Broader the spectrum of differences in the workplace, the greater is the synergy among employees and more excellent the organization's performance. This synergy produces integrative solutions that maximize the needs and aspirations of the individual and the organization.

Diversity Practices: Diversity thrusts believe in 'equi-finality' assumption rather than on notion of 'ideal-types'. Equi-finality assumes that each of the cultural forms is equally effective. Diversity ever delivers, seldom destroys. Diversity practices provide firms with the expertise to regularly develop and market competitive new products because a platform for cross fertilization of ideas is deliberately created. To benefit from increased levels of diversity the multicultural organization utilizes a variety of diversity tools. Many organizations are now investing heavily in (i) providing staff with language lessons in order to be able to crack foreign markets (ii) providing cultural sensitivity training to address issues such as: deliberately recruiting from the bests of diverse cultural groups, awareness training to acquaint each with the diversity, sensitivity training as to cultural etiquette, protocol and communication styles, delicacies as to negotiation approaches, women and minorities skills enhancement and training, career managing and language training and workshops on above issues. In addition a range of corporate communication with diversity components is practiced that announce appreciation of cultural pluralism and top-level commitment.

Diversity and Commitment: Diversity practices enable organizations to obtain greater commitment. In an environment of diversity, members of diverse groups can contribute their best. In the competitive world businesses that appreciate greater cultural diversity forge longer and more prosperous relationships across

the world. The multicultural organization is configurated with a high level of diversity, an organic structure, and a commitment-maximizing human resource system.

Superiority Complex stumbling block to cultural diversity: The world's inhabitants come from many faiths, linguistics, religious, politics, cultures, world views and experiences Unfortunately a subconscious sense of cultural superiority still seems to reign. This is what is called as 'ego'. This is born with humans. Religious texts talk more on this and ways to control over it. Perhaps businesses have to do this religious learning too, in their pursuits of striving for establishing cultural diversity.

Corporate Multiculturalism depends on Government policy. Most nations now adopt an official policy that endears multiculturalism. In several Western nations, from the 1970s onward, for reasons that varied from country to country, multiculturalism is an official dictate. As a result, the great cities of the Western world are increasingly made of a mosaic of cultures.

Government multicultural policies may include:

- recognition of multiple citizenship (the multiple citizenship itself usually results from the nationality laws of another country)
- government support for newspapers, television, and radio in minority languages
- support for minority festivals, holidays, and celebrations
- acceptance of traditional and religious dress in schools, the military, and society in general
- support for music and arts from minority cultures

E. ORGANIZATION CULTURE (OC)

As people work together in groups adhering to group norms and style to accomplish goals, groups develop into organizations. Organizations become institutionalized with certain templates of behavior. The templates of behavior tend to take on a life of their own with widely held beliefs, values, and practices, differentiating one organization from another and often affecting the organization's success or failure. To talk of an organization's culture is to assess that which is shared by individuals within the organization—their beliefs, values,

attitudes, and norms of behavior, for example; or the established routines, traditions, ceremonies and reward systems

Origins of OC

In the early 1980s, management scholars began attempting to describe these belief systems, which they referred to as organizational or corporate cultures. Interest in organizational cultures was further created by William Ouchi's 1981 best-seller, Theory Z: How American Business Can Meet the Japanese Challenge. Ouchi considered organizational culture to be a key determinant of organizational effectiveness. In 1982 two other best-sellers, Corporate Cultures: The Rites and Rituals of Corporate Life by Terrance Deal and Allan Kennedy and In Search of Excellence Thomas Peters and Robert Waterman, supported the idea that excellent companies tended to have strong cultures.

OC Defined

An organization's culture is composed of relatively '**stable characteristics**' that are based on '**deeply held values'** that are '**reinforced by many organizational practices'**. An organizational culture is defined as the shared assumptions, values, and beliefs that guide the actions of its members. Organization culture is the sum total of **beliefs, styles, articulations, values, symbols, quotes, figures and displayed artifacts** that portray an organizations reason and means for existence. Though organization's explicit policy statements constitute an element of cultural basics, a much larger and less evident set of unwritten organizational expectations really make up its culture. Attentive employees figure them out sooner than others. They listen to the **'metaphors, images, rites & rituals and sayings'** that are common in the organization which whisper OC eloquently.

OC and Work norms

Organizational Culture influences the work norms, communication practices, and philosophical stances of employees. Organizations use a process called socialization to adapt new employees to the organization's culture. If employees do not adapt well, they feel increasing pressure from supervisors and from coworkers who are better acculturated. Employees who understand and share the organization culture exhibited in values, beliefs and orientations, have a better basis for making choices that match the organization's goals. Many

organizations compete through innovation. When most employees understand and support the organization's expectations, less time is spent explaining, instructing, and building consensus before trying something innovative. Employees who are well acculturated find their work more meaningful. They are part of, and contributing to, something larger than themselves.

Founder sets the tenor of OC

Organizational culture tends to be shaped by the founders' values, the industry and business environment, the national culture, and the senior leaders' vision and behavior. There are many dimensions or characteristics of organizational culture that have been defined. For example, a research study conducted by J.A. Chatman and K.A. Jehn in 1994, identified seven primary characteristics that define an organization's culture: innovation, stability (maintaining the status quo versus growth), people orientation, outcome orientation, easygoingness, detail orientation, and team orientation.

Dominant and Sub Cultures of OC

A dominant culture is the culture shared by the majority of the organization and subcultures represented by groups of individuals with unique values or beliefs that may or may not be consistent with the dominant culture. Strong organizational cultures are those where the core values of the dominant culture are strongly believed by the great majority of organizational members. A strong culture tends to increase behavior consistency and reduce turnover.

Components of Organizational culture

Organizational culture is made-up of component-cultures like, **Leadership culture, structural culture, work culture, group/division culture, product culture, market culture, competitive culture, relationship culture, openness culture, futuristic culture, dynamic culture, pro-active culture, reactive culture** and so on.

a. Leadership culture refers to the kind of leaders, their vision and mission, their style and decision-making abilities, their ability to delegate and got things done, etc. Transactional leaders and transformational leaders, pro-active leaders and reactive leaders, etc. are certain culture models.

b. Structural culture designs nature of flow of authority/responsibility. **Rigid & Flexible** cultures and **Tall & Flat** cultures are the alternatives relevant here. Rigid and tall cultures are more mechanistic and bureaucratic; while the other two are organic and dynamic.

c. Work culture refers to the kind of commitment to work. **'Work is Worship'** is the right culture. Work resentment is not good. There are quality, quantity, time, space and other considerations too.

d. Group/ individualized cultures refer to tendency of people to align with the group or remaining more independent. **Group culture** involving greater alignment leads to greater cohesiveness and hence to greater excellence. **Individualized culture** fosters creativity and leadership development.

e. Product culture refers to level of commitment to offer superior products/ services, new and innovative products, products bench-marked against bests and the like to consumers.

f. Market culture concerns with commitment to market orientation. Consumers constitute the market. A consumer centric approach explains what market culture is.

g. Openness culture refers to level of transparency in the dealings of the organization.

h. Futuristic culture refers to commitment to look forward, introducing changes, innovating for the tomorrow, and so on.

i. Dynamic culture refers to commitment to remain active. Shedding statusquoism and propelling for change and growth characterize dynamic culture.

j. Competitive culture refers to commitment to be competitive and fostering rather than curtailing competition. 'Live and let live' characterize sound competitive culture.

k. Relationship culture refers to maintaining long-term relationship with stakeholders – be they consumers, suppliers, employees, etc.

l. Pro-active culture is oriented towards finding new opportunities for growth and working upon such new opportunities.

m. Reactive culture is responding to changes in environment. 'Better late than never' type of orientation.

n. 'Intra-preneurial' culture is committed to harness entrepreneurial instincts of employees, grooming such entrepreneurial skills to higher levels so that they branch out and become own business promoters themselves.

OC may Change

An organizational culture can be changed. Cultural changes are most likely to occur when there is a dramatic setback such as a financial crisis or when there is a turnover in top leadership or when environment changes, say from socialism to capitalism or so. Also, younger and smaller organizations and organizations with a weak culture are more amenable to change. Veteran employees are aware of cultural change, especially when the leadership changes.

Adaptive Culture

OC needs adaptation with the time. Adaptation always benefits. MNCs with increasing global stakes, and encounters with language/cultural/ethnic/philosophical differences among employees leading to many radically different assumptions about such aspects as the dignity of work, the proper relationship between employee and supervisor, the value of initiative, the treatment of unwelcome information, and the voicing of complaints, need to adapt their culture. MNCs need to learn how to adapt to a multicultural environment. Failure to adapt jeopardizes an organization's chance of success abroad. A 1992 research study by **J.P. Kotter and J.L. Heskett** showed that **long-term financial performance was highest** for organizations with an **adaptive culture**.

OC and Organizational Effectiveness

How does culture contribute to performance effectiveness? Just look up to Japan. You get the answer. An example of the importance of culture in organization is the case of Japan. Out of the ashes of the Second World War the country built an empire second to none.

The rise of Japan as a leading industrial power has made organization theorists and managers worldwide increasingly aware of the relationship between culture and management. With virtually no natural resources, no energy, and over 110 million people crowded in four small mountainous islands, Japan succeeded in achieving the highest growth rate, the lowest level of unemployment and, at least in some of the large and more successful organizations, one of the best-paid and healthiest working populations in the world. Sheer quality culture and work culture valued by the Japanese worked wonders.

In the 1990s saw considerable credence attached to notions of changing the culture as a means of enhancing organizational performance. The view that culture determines performance was popularized in the 1980s by management gurus, **Deal TE, Kennedy AA, Tom Peters and T, Waterman**. OC influences the degree of cultivation and harvest of human capital and management competency. Everything flows from this. The importance of organizational culture in the growth of organizations is undeniable.

F. CULTURAL EXPERIENCES OF BEST-RUN COMPANIES

Peters and Waterman examined 43 of Fortune 500's top performing companies. They started with a list of 62 of the best performing McKinsey clients and then applied performance measures to weed out what they thought to be the weaker companies.

Organization Culture of Best-run Companies is distinct. They have a **'bias for action'**, practice **'autonomy & entrepreneurship'**, achieve **'productivity through people'**, ensure **'hands on, value driven'**, places thrust on **'stick to the knitting'**, have **'simple form, lean staff'**, exhibit, **'simultaneous loose-tight properties'**, remain **'close to customers'**, build **capabilities concerning ideas,** strive for **liberation,** and think and act with **speed.**

A bias for action: In its simplest terms, this says "get out there and try something". You cannot afford to be idle and yet show results. Bias for Action reveals a range of 'sorties' to do. A bias for action separates doers from mere dreamers. People who leave legacies are action-oriented. They don't wait for ideal circumstance. They act regardless of what is happening around them. Action reveals inner thoughts. It is the means by which those thoughts take the form of physical reality. John Locke said as much when he noted, "The actions of men are the best interpreters of their thoughts". Early American writer David Thomas (1776-1859)was well aware of the significance actions leave when he wrote, "unselfish and noble actions are the most radiant pages in the biography of souls". Just as you don't learn anything in science without experimenting, you don't learn anything in business without trying, failing, and trying again and triumphing now. The trick, and it's a tough one, is a common cultural understanding of what kind of failure is okay and what kind leads to disaster. But don't kid yourself. No amount of analysis, especially market research, will lead to true innovation. If true passion for action exists, there will be actions. There is a healing virtue associated with action. Activity is God's medicine, that is why when engaged even pains go for a sleep.

Autonomy and entrepreneurship: The great best seller book, 'In Search of Excellence' denotes 'autonomy and entrepreneurship' as one of the eight attributes that characterize their excellent, innovative companies. Thought leading companies expand the role of thought leadership well beyond the corner office holders to the staff and line professionals charged with actually solving the customer problems. Such autonomy ignites entrepreneurship. Another best seller, **'Good to Great'** prescribes that "when you combine a **'culture of discipline with an ethic of entrepreneurship'**, you get the magical alchemy of great performance". Entrepreneurship is achieving 'uncommon' from 'common'. Even if you're big, act small. Organizations are simply collections of people, and people don't relate well to big, abstract entities. If you want to understand the success of Johnson & Johnson, 3M, Wal-Mart, and the original HP, look to the fact that they organize themselves into small, relatively independent units, held together by common goals and cultural norms.

Productivity through people: What else counts in an organization except people? Everyone gives lip service to the importance of their people, yet only a few really treat them as other than cannon fodder. This principle was best

captured by Mark Shepherd of Texas Instruments when he said every worker should be "**seen as a source of ideas, not just acting as a pair of hands**". Thought leaders allow their people to leverage their intellectual capital to make a difference in the company and in the industry while getting slightly famous in the process. One of the best examples we've ever seen was Delta Airlines with its "family feeling," which was so special that in 1982 employees banded together to spend a total of $30 million in payroll deductions to give their employer its first Boeing 767, the Spirit of Delta. Sadly, Delta lost that family feeling, maybe when it merged with Western Airlines.

Hands-on, value-driven: The idea is simple and relates to management philosophy that guides everyday practice - management showing its commitment. 'Hands on' refers to the art of instilling or inculcating something upon people. Here the 'something' is the values'. What an organization 'values' most? It must be made clear for easy practicing. 'Excellent companies paid intimate attention to everything they do. The top leaders through their indoctrination and intervention clearly expressed what the organization stands for and how the same is shaped and achieved. A participative approach is not lesser in stature or substance. A leader might well ask, 'Figure out what your company should stand for, what would give your people the most pride'. Then he actively manages moving toward and realizing that value system. Remember that profit is to business as breathing is to life. The top companies make meaning, not just money. There could be many 'value systems clashing, but unification done through underscoring, 'meaningfulness of actions is much more than money'.

Stick to the knitting: It refers to an exhortation to organizations to **concentrate on the activities, products, and services that are key to their core business** and consequently to their success. Except for one or two notable exceptions, for example, Warren Buffett's Berkshire Hathaway and Jack Welch's GE, business diversity almost never works. Be particularly leery of the word synergy, which sounds great -- who doesn't want 1 + 1 to equal 3? Well, the research findings tell then and now is that big mergers rarely work. Further, nothing screws up a successful business more than hyper-fast growth.

Simple form, lean staff: Though organizations are inherently quite complicated, one ought not make them more so via complex organizational arrangements.

Install a simple and workable structure; people will figure out the rest. Keep staff to a minimum, outsource a lot of staff activities, or use time-limited, project-oriented task forces (another form of the line organization). Big staffs, and most career staff people, always seem to get in the way of the folks in organizations who get the real work done.

Simultaneous loose-tight properties: Tight when and where needed and loose when and where required. You cannot be always strict wielding sticks. You cannot always be liberal always. Appropriate mix is best. Any well-functioning organization is neither centralized nor decentralized but a wonderful combination of both. Around most dimensions the best companies, then and now, are loose. They give people exceptional freedom to do things their own way. At the same time, the great companies are highly centralized around a few crucial dimensions: the central values that make up their culture, one or two (no more) top strategic priorities, and a few key financial indicators.

Those are our eight attributes, then and now. Both of us have done a great deal of writing since Excellence, and we've expressed what we've seen in different terms. But we've never done better than in this book. The attributes are just that: attributes, not principles. But until something clearly better comes along, we'll stick with these.

Close to the Customer and Customer Obsession: Maruti Suzuki states that it has an obsession to customers as its core values. Best-run US companies vow to be close to customers. This may be the hardest to accomplish. It's hard and it involves so much to pay attention inside an organization to understand customers, especially when the set of customers includes distributors and wonderfully irrational end users, to use the words of Tom Peters and Waterman. Yet Procter's skill at keeping everyone in the organization in close touch with customers, combined with a formidable innovative capability, may explain that company's incredibly long history of success, write Tom Peters and Waterman.

Capabilities concerning ideas: A business is lost when it loses ideas. An organization with people thinking aloud and ahead turns up more ideas. There must be an inventory of ideas. That is the true source of wealth. Capabilities for generating new ideas must be aplenty in an organization. The capabilities to generate ideas and translate ideas into actions are important to remain as 'best-

run companies'. Encourage people to research, experiment, innovate and improvise to maintain cutting edge. Create teams and co-locate them so that cross-fertilization of ideas happens oftentimes spontaneously leading to generation of new ideas just like that.

Liberation: Liberation or enabling unlearning is a must for an exemplary organizational culture. Thinking outside the box of normal thought processes is what is called as 'liberation' here. One is better off focusing on reconditioning old patterns and getting a break from them before adding new learning. Best run companies shed old ideas and add new ones quite at ease like reptiles shed skins. Humans shed 1.5 million skin cells every hour with a new skin surface every 28 days or so. Reptiles quickly and cleanly shed skins that too in one-piece. Liberation is reception to new ideas.

Speed of Execution: The costliest resource is time. Wisest use of time is very much needed. Today is competition is from everywhere. To remain ahead of competition, we have to remain ahead of time. Speed of execution matters most in this contest. This is a competitive tool with many a advantage. **Toyota uses 'speed' of operation cycle, as a competitive tool since 1980s.** Innovation matters. Faster innovation matters the most. Even today its launch time of new model is just 60% of US competitors. Can the organizational structure of a company contribute to the acceleration of the innovation management in the spirit of Fast Innovation? **Toyota, Procter & Gamble, GE, 3M, IBM, Google, Microsoft, Sony, Hewlett-Packard, DuPont, Honeywell and Whirlpool** answer this question in the affirmative. In addition to an effective and efficient innovation process they have adopted an organizational structure of innovation that enables them to launch innovations faster. The moment a manager feels, 'I often get a feel that things are not happening at the speed that they ought to be', the competitive edge goes blunt and we are surely slipping on time well beyond the timelines. This shouldn't be happening. This is what Bill Gates write as ,'Business @ speed of Thought'.

Take Google. It's easy for Google's people to be energized when their company is staking rich that it continues to ooze cash even while lavishing benefits on its staff. Is Google's culture the cause of its success or merely a result? Put another way: Is Google a great place to work because its stock is at $483, or is its stock at $483 because it's a great place to work? It is a great place to work. It feels like

the brainiest university imaginable. The people at Google, it should be stated, almost universally see themselves as the most interesting people on the planet. Googlers tend to be happy-go-lucky on the outside, but Type A at their core. Ask one what he or she is doing, and it's never "selling ads" or "writing code." No, they're on a quest "to organize the world's information and make it universally accessible and useful." That's from the actual mission statement, by the way, which employees can and do cite with cloying frequency. Google's founders have sought out a role model for building their culture, and it's not a tech company or an ad giant. It's Genentech, the biotech company that is No. 2 on our Best Companies list (and was No. 1 last year). Genentech has seen drugs succeed wildly and fail miserably, has had years when its stock soared and years when it sank. But through all its ups and downs over 30 years, the company has remained a scientist's paradise and a place where people love to work. Work is such a cozy place that it's sometimes difficult for Google employees to leave the office, which is precisely how the company justifies the expenses, none of which it breaks out of its administrative costs.Even people who don't work here like to loiter: The company has become a stop on the world lecture circuit, attracting the likes of Mikhail Gorbachev, Margaret Thatcher and Nobel laureate Muhammad Yunus. "You've got to ask yourself why these people are coming here," says 24-year-old engineer Neha Narula. "I think they come here to be energized by the people at Google."

Best-run companies are known for their **Cultural Competence.** Cultural competence refers to an ability to interact effectively with people of different cultures. Cultural competence comprises of four components: (a) **Awareness** of one's own cultural worldview, (b) **Attitude** towards cultural differences, (c) **Knowledge** of different cultural practices and worldviews, and (d) **Skills** on cross-cultures. Developing cultural competence results in an ability to understand, communicate with, and effectively interact with people across cultures.

Awareness: Awareness is consciousness of one's personal reactions to people who are different. A CEO who deals with alien colleagues has cultural awareness of his reactions to the cultural patterns of this group of people. Increasing the level of awareness needs more exposures and this can be arranged through cultural diversity practices.

Attitude: Attitude is spontaneously exhibited reaction to any situation, like exposure to cultural patterns of others which are different. A positive attitude, an attitude of openness, an accommodative attitude, an attitude of tolerance, an attitude of accepting things as such rather than evaluating everything and similar attitude help in engaging with cultural differences..

Knowledge: Attitude must reflect in behavior. Sometimes even with positive attitudes, people reflect with intimidating behavior unknowingly. For instance, our values and beliefs about equality may be inconsistent with our behaviors, and we ironically may be unaware of it. Social psychologist **Patricia Devine** and her colleagues, for example, showed in their research that many people who score **'low on a prejudice test'** (hence with positive attitude to cultural differences) tend to do things in cross cultural encounters that **'exemplify prejudice'** (e.g., using out-dated labels such as "illegal aliens", "colored", and "homosexual".), perhaps unknowingly. This makes the Knowledge component an important part of cultural competence development. Regardless of whether our attitude towards cultural differences matches our behaviors, we can all benefit by improving our cross-cultural effectiveness. One common goal of diversity professionals is to create inclusive systems that allow members to work at maximum productivity levels.

Skills: The Skills component focuses on practicing cultural competence to perfection. Communication is the fundamental tool by which people interact in organizations. This includes gestures and other non-verbal communication that tend to vary from culture to culture. Cultural competence is becoming increasingly necessary for work, home, community social lives.

QUESTIONS

1. Bring out the Concept and process of employee integration in MNCs.
2. Explain the Need for and models of Employee motivation.
3. What is Employee Team spirit? How is it managed in MNCs?
4. Examine the issues of Cultural Adaptability Vis-à-vis Individuality
5. Explain the concept and issues of Cultural diversity and management thereof
6. What is Multiculturalism? How is significant in an MNCs.
7. Examine the concept and relevance of Organizational culture of MNCs
8. Present the cultural experiences of best-run Companies

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UNIT IV
GLOBAL HR COMPENSATION PROCESS

Syllabus Covered: Global HR Compensation Process – Direct and Indirect Compensation- International Compensation- Pay for performance- Executive Incentive Pay- Pay Differences- Causes and consequences- Compensation Structure in MNCs.
The objectives of this lesson are to present: i. Process of Global HR Compensation – Factors and Steps ii. Direct and Indirect Compensation- Components, Trends and Factors iii. International Compensation- Components, Cases and Factors iv. Pay for Performance- Concept, Need, Issues, and Evaluation. v. Executive Incentive Pay- Core Elements, Trend, Control & Cases vi. Pay Differences- Types, Causes and Consequences vii. Compensation Structure in MNCs- Types, Factors and Features

Employees provide many things to the organization including their time, effort, knowledge, skills, creativity and energy. When people work for an organization, they expect to receive from the organization something in return for their contribution, efforts, etc. The organization rewards its employees with compensation. Compensation is the return they get.

Employee Compensation refers to the reward or remuneration given to the employees for their work performances. Compensation provides basic attraction to the employees to perform job efficiently and effectively, besides leading to employee motivation, employee productivity, employee's performance and employee satisfaction. Employee compensation constitutes an important source of income for employees and this predominantly determines their standard of living by meeting the basic/comfort/luxury of the families of employees. The amount and method of compensation are very important for both management and employees. Compensation may be tangible or intangible. Tangible compensation consists of rewards that have a definite value, such as pay, pension plans, life and health insurance, and vacation. Intangible rewards are those whose value is less easily identified, such as status symbols, opportunities to be creative, and sense of self -esteem.

Employee compensation can be broadly divided in two types. The first is the Salary, which they can spend as they please. Salary comprises of Basic Pay, Grade Pay, Dearness Allowance, House Rent Allowance, City/Rural Compensatory Allowance, Dress Allowance, Medical Allowance, Disability Allowance, Transportation Allowance, etc. The second is the Job Facilities or Perquisites or in short 'Perks' provided to them to improve their effectiveness and comfort on the job. These can be provided in physical form such as 'chauffeur driven company car', or as reimbursement of expenses on travel to and from work-spot. Besides defraying of expenses on lodging, dining and entertaining incurred while performing company work is another form of compensation. Companies also provide to their employees 'fringe benefits' which combines the features of 'Salary' as well as on the 'Perks'. Benefits foster economic security and stability by insuring beneficiaries against uncertain events such as unemployment, illness and injury.

Compensation, particularly monetary compensation is an integral part of an organization's reward system. It is a way of telling the human resources that their interests are being looked after by the organization in return for the effort they put it. The growth and development of organizations in the modern day depends upon how good the reward system is, which in turn helps attract and retain the best of workers. This would be more so in the international context, where good people are more difficult to get.

A. PROCESS OF GLOBAL HR COMPENSATION

The process of compensation involves:

1. Setting up the strategic intent of the organization in respect of its compensation system,
2. Evolving a classification of jobs based on identified factors,
3. Measuring performance of employees and grading the same,
4. Developing a set of compensation packages for both job classes and performance grades,
5. Matching the compensation packages with job classes and performance grades,
6. Establishing a career progression on jobs and compensation packages,
7. Providing a system for dynamic adjustment or revision time bound or context bound,

8. Auditing the system of compensation to examine its match strategic intent of the organization and
9. Secrecy, participation, and flexibility of the Compensation package
10. Ensuring prevailing of the Features of Effective Compensation Plans
11. Retention Package
12. Severance Package
13. Factors Influencing compensation Package

1. Setting up the strategic intent of the organization in respect of its compensation system

In most organizations the strategic intent of the compensation system is to attract, retain, and motivate talented employees. Strategic intent of compensation or the compensation philosophy centers on four issues: the concept of fairness and quality of reward, the importance of each employee's contribution to the organization, the competitive sub-parity, parity or super-parity the organization wants to achieve in compensation, and the status of the external labor market. An organization must develop a philosophy of compensation. The organization needs to decide what types of behaviors or performances it wants to encourage with a compensation system. There are many possibilities: performance, seniority, attendance, loyalty, responsibility, and conformity. Organizational rewards have many meanings for employees, namely Surface Value and Symbolic Value. The surface value of a reward is the meaning it has at the objective level. That is, a 5 percent pay increase means that the employee has 5 percent more purchasing power than before. Symbolic Value of compensation conveys to people a sense of their value to the organization. Thus, a pay raise may be seen as a symbol of greater personal worth. Performance or time/tenure is the basis? MNCs generally follow a pay-for-performance model. Indian companies pay for time or tenure of the employee in the public sector, while Indian private sector follows a mixture of performance and tenure.

2. Formal job evaluation or Evolving a classification of jobs based on identified factors

In a typical organization there are many a jobs. These need to be classified into different cadres taking into account the attitude, behavior, caliber, dexterity, energy, knowledge, skill, etc needed for the jobs. The roles, responsibilities, task-achievement, sensitivities, difficulties and implications of

jobs are important factors having a bearing on the attitude, behavior, caliber, dexterity, energy, knowledge, skill, etc needed for a job. Jobs according fall into lower category to higher category. The classification must be scientific and well defined. Bench marks of performance are also established so that performance can be measured and used for compensation purpose.

3. Measuring performance of employees and grading the same

In a competitive environment performance based compensation ensures better performance. Fundamental to this is performance measurement. Performance has many dimensions and is influenced by many factors. What gets measured gets done. Everything has to be measured. Performance measures need to be developed for each of the strategic objectives. Expected targets and thresholds need to established, and baseline and benchmarking data are also developed. With this both individual and group performance can be measured. Quantity, quality, timeliness, cost, effort, involvement, learning, etc are performance parameters.

4. Developing a set of compensation packages keeping in view the job classes and performance grades

Compensation packages taking into account a myriad of factors of each job and the relationship between productivity and compensation desired to be maintained. The goal must be fairness in emoluments with job cadres, decency of emoluments with job titles, incentive for higher or superior performance, the financial affordability of the organization and the growth phase of the organization and so on. A lot of innovation is needed here to evolve a diverse set of packages. The types of compensations, (money in the form of wages & salary, benefits, perquisites, awards, and incentive plans), the benefits or indirect compensation (like payment for the time not worked like pay for on-the-job time not worked like lunch periods, rest periods, coffee breaks, wash-up time, and get ready time and for off-the-job time not worked like vacations, sick leave, holidays, and personal days), Social Security contributions, Unemployment compensation, Disability and workers' compensation, Life and health insurance and Pension plans.

A set of grades of compensation packages comprising all or most of the following in addition to Pay or Salary need to be evolved.

(i) Perquisites or privileges associated with certain positions, usually those of tops management

(ii) Awards associated with seniority, perfect attendance, zero defects (quality work), cost reduction suggestion, etc,

(iii) Incentive systems provided in monetary income for certain types of performance, either in proportionate, increasing proportionate or decreasing proportionate progression in incentive for graded performance levels. This includes:

(a) Piecework programs tying a worker's earning to the number of units produced,

(b) Gain sharing is a program that returns cost savings to the employees, usually as a lump-sum bonus. It is a productivity measure, as opposed to profit-sharing which is a profitability measure. There are three major types of gain-sharing:

Scanlon plan: This program dates back to the 1930s and relies on committees to create cost-sharing ideas

Rucker plan: This plan also uses committees, but although the committee structure is simpler; the cost-saving calculations are more complex.

Improshare: Improshare stands for "Improved productivity through sharing" and is a more recent plan. With this plan, a standard is developed that identifies the expected number of hours to produce something, and any savings between this standard and actual production are shared between the company and the workers

(c) Commission programs provided for superior earning made based on quantity or quality or both of measurable performance,

(d) Bonus system allowing the employees to receive lump sums from a special bonus pool based on financial performance of the organization or unit of the organization, (A spiff or spiv is an immediate bonus for a sale. Typically,

"spiffs" are paid, either by a manufacturer or employer, directly to a salesperson for selling a specific product.)

(e) Long–term compensation providing management personnel with substantial additional income based on stock price performance, earning per share, or return on equity,

(f) Merit pay plan basing pay rises on the employee's performance,

(g) Profit-sharing plan involves distributing a percentage of the profit of the organization to all employees at a predetermined rate depending on the company's profitability in addition to employees' regular salary and bonuses. In publicly traded companies these plans typically amount to allocation of shares to employees.

(h) Employee stock option plans setting aside a block of stock in the company for employee to purchase at a reduced rate.

5. Matching the compensation packages with job classes and performance grades

The compensation packages evolved must be matched with job classes and performance grades. This requires lot of creativity. There must be ascendance in compensation as one goes up in the job ladder and as well in performance in each job cadre. This kind of matching must take into account how much minimum for each job cadre the organization wants to provide with provision for annual increment for seniority and also the minimum performance level needed for being eligible for performance incentive and thereafter the pattern of proportionate behavior (between performance and incentive) to be followed for each cadre of job.

A proportionate rise between performance and incentive compensation for certain performance level beyond the threshold level, increasingly proportionate incentive compensation for a prescribed higher range of performance and decreasingly proportionate incentive compensation beyond a certain performance level may be followed for certain job classes where quality is important. An inverted order of the above (that is decreasingly proportionate,

proportionate and increasingly proportionate) for jobs where quantity of performance matters most as quality remains fixed may be followed.

More complexities are involved here more the fineness of proportionality one wants to maintain between performance and value of compensation and that too with varying pattern among job cadres. The level of complexity the firm organization wants to undergo must be agreed upon.

6. Establishing a career progression on jobs and compensation packages

Career progression must be palm-transparent and employees must be able to choose a career line which need not be linear. It is better the career line is 'centre-bulging- *mridangam*' formatted with less options at the bottom layer of any entry positions, more varieties in the middle cadres, and again limited options at the top rungs. This arrangement will develop diversity of skills after one spends certain years of service in an organization in entry positions of each track.

7. Providing a system for dynamic adjustment or revision time bound or context bound

Compensation package should not remain constant for long time. There must be dynamic adjustment. A time bound or some context bound revision is needed because the job environment, competitive environment, economic environment and the like keep change. So should the compensation packages. Otherwise, keeping talents and attracting superior talents will go tough. Competitive edge will get blunt.

8. Auditing the system of compensation to examine its match with strategic intent of the organization

There must be a system of audit, internal or external audit of total compensation outgo, and the fixed and varying split components of compensation as percent of total assets, total revenue, gross margin and operating margin need to be studied. The trend over the years and the trend in the industry, the position vis-s-vis industry leader or any benchmarks need to be observed. Any untoward drift need correction. At the same time long time constancy is no good as that is an indication of 'statusquoism', not so good for organizations willing to be trend setters or change masters. A response without analysis is no good.

9. 'Pay Secrecy or Transparency', Participation, and Flexibility of the Compensation package

After the compensation system is developed and implemented, additional factors need to be considered are: secrecy, participation, and flexibility.

'Pay Secrecy or Transparency' policy is needed. Secrecy means that no information is available to employees regarding other employee's salaries, average or percentage raises or salary ranges. But no information that is known to more than one person is secret. Transparency of salary information means that the exact salary for the employee is public knowledge.

At a time when every regulator and investor is beating the drum for greater transparency through disclosures and ministers are expressing concerns about obscene salaries, several companies are blatantly flouting disclosure requirements specified by the Companies Act, 1956, in India. These companies should take a leaf out of the book of corporate governance biggies like Infosys Technologies and Tata Group of companies, who have set a good example by regularly making necessary disclosures in their Annual Reports.

Participative Compensation system allows employees to participate in the design or administration of the compensation system, or both. Extent od participation need to be decided upon.

Flexible Compensation system allows employees to choose the combination of benefits that best suits their needs. Flexible system generally requires more administrative time and effort to develop and maintain than the standard approach, but the benefit of the flexible approach seem to outweigh these costs.

10. Features of Effective Compensation Plans

The compensation plans must be effective by featuring the following features of effective compensation system. The list is elaborate, yet not exhaustive.

Features of Effective Compensation Plans			
Affordable	Distinctive	Goal Oriented	Prudent
Appreciated	Efficient	Guiding	Relevant
Appropriate	Empowering	Legal	Retentive
Attractive	Enduring	Leveraged	Simple
Balanced	Equitable	Manageable	Strategic
Competitive	Flexible	Motivating	Successful
Communicated	Forward Looking	Need-based	Targeted
Coordinated	Generous	Opportune	Team Spirited
Cost Effective	Integrated	Optimized	Understood
Current	Justifiable	Performance	Values Based
Deliberate	Knowledgeable	Based	Warranted
		Polished	

11. Retention Package

To retain the core talents, the best of talents, and such shining talents an organization may have special package. 'Golden Handcuffs' package is one such. The major thrust of this is an 'extra allurement' is coated over the compensation package to keep the highly performing talents. 'Retention of Key staff' is the factor which gets highest importance as a determinant of compensation package.

12. Severance Package

A severance package is pay and benefits an employee receives when they leave employment at a company. In addition to the employee's remaining regular pay, it may include some of the following: An additional payment based on months of service, Payment for unused vacation time or sick leave, A payment in lieu of a required notice period, Medical, dental or life insurance, Retirement benefits (Gratuity, Earned leave encashment, etc), Stock options, Assistance in searching for new work, such as access to employment services or help in producing a résumé. Severance packages are most typically offered for employees who are laid off or retire. Sometimes, they may be offered for people who resign, regardless of the circumstances; or are fired. Golden Handshakes, Voluntary Retirement Scheme, Golden Parachutes, etc are certain severance package models followed. Policies for severance packages are often found in a

company's employee handbook and in many countries are subject to strict government regulation.

13. Factors Influencing Compensation Package

Many factors influence the determination of compensation package which varies across firms, positions, industries, nations, phase of growth of the firms/industries/nations, competition structure and so on. Below are given in table the different factors, with frequencies of managers ceding the concerned level of importance to those concerned factors.

'Retention of Key staff' is the factor which gets highest frequency (51.4%) for High importance, somewhat high (43.2%) frequency for medium importance and lowest frequency (just 5.4%) for low importance. Ultimately 'Retention of Key staff' turns out to be most important factor. Yes today talents are important and talented people are important. And to hire them, to retain them and to gear them organizations are willing to pay any level of compensation. This factor is followed by 'Financial results', 'Strategic thrust', 'benchmarking', etc. Legislation, Board of directors , Change in culture, etc are moderately important factors. Shareholder expectations, Staff loyalty, Turbulence in business, Corporate failures, etc are least important factors. This classification is presented in the last column of the table, by 'H' for high importance, 'M' for moderate importance and 'L' for low importance.

Level of Importance of Different Factors in Compensation Determination by firms

Factors	Low extent (L)		Moderate extent (M)		High extent (H)		Overall - L, M or H
	F	P	F	P	F	P	
Retention of key staff	8	5.4%	64	43.2%	76	51.4%	H
Financial results	13	8.8%	66	44.6%	69	46.6%	H
Strategic thrust	16	10.8%	67	45.3%	65	43.9%	H
Surveys / benchmarking	18	12.2%	78	52.7%	52	35.1%	H
Internal advisers	17	11.5%	84	56.8%	47	31.8%	H
Affordability / rising costs	13	8.8%	91	61.5%	44	29.7%	H

Productivity	17	11.5%	88	59.5%	43	29.1%	H
Legislation	35	23.6%	72	48.6%	41	27.7%	M
Board of directors	32	21.6%	76	51.4%	40	27.0%	M
Change in culture	34	23.0%	76	51.4%	38	25.7%	M
Your competitors	43	29.1%	69	46.6%	36	24.3%	M
Development / career progression	19	12.8%	97	65.5%	32	21.6%	M
Economic restructuring different work patterns /	26	17.6%	90	60.8%	32	21.6%	M
Remuneration Committee	60	40.5%	60	40.5%	28	18.9%	L
Shareholder expectations	51	34.5%	74	50.0%	23	15.5%	L
Staff loyalty	32	21.6%	95	64.2%	21	14.2%	L
Turbulence in business	45	30.4%	82	55.4%	21	14.2%	L
Advanced technological developments	65	43.9%	66	44.6%	17	11.5%	L
External advisers	53	35.8%	79	53.4%	16	10.8%	L
Social upheaval / trade union	73	49.3%	62	41.9%	13	8.8%	L
Governance / King II report	46	31.1%	91	61.5%	11	7.4%	L
Publicity	89	60.1%	51	34.5%	8	5.4%	L
Investment / stock exchange analysts	106	71.6%	37	25.0%	5	3.4%	L
Corporate failures	112	75.7%	33	22.3%	3	2.0%	L

Notes: F- Frequency for each level of importance of the factors concerned; P- Percent to Total.

B. DIRECT AND INDIRECT COMPENSATION

There are direct and indirect compensation. Direct compensation enhances the purchasing power by putting more of money at the disposal or money-worth at the command/disposal of the employees. Indirect compensation is satisfaction oriented and it has no money-tag on it. It is experienced. It is perceived one. The

organization may be incurring expenditure in a collective way, but it is not spent for/by an individual employee.

1. **Direct compensation**

Direct compensation refers to the **fixed pay, variable pay and monetary benefits.**

i. Fixed pay may be paid in several different forms (without regard to performance) and under different names – like basic salary, dearness allowance, city compensatory allowance, and house rent allowance. Here it will be useful to clarify that although dearness allowance varies with the price index, it forms part of fixed component of employees earning as it is not linked to the job performance. This is also called as Primary compensation or Basic compensation consisting of Basic Pay, Dearness allowance (DA), House rent allowance (HRA) and City compensatory allowance (CCA).

ii. Variable pay is also paid by companies under different names like incentive, commission, production/sales bonus, awards like cash rewards under incentive schemes like best employee of the month and includes all types of variable components monetary compensation. The incentives can be of different types, and can be linked to the performance in different ways. This is also called as Secondary Compensation.

iii. Employee (Monetary) benefits like Retirement Income, Capital Accumulation (equity/stock plans) protective pays like medical/dental/vision/life insurance benefits, lifestyle allowance, disability income, survivor's income, scholarship for children and paid time off and cash perquisites are also direct pay as performance parameter is not considered. Employment as a direct factor entitles one to these monetary benefits. While some benefits—such as government sanctioned ones—are mandatory, others are supplementary or optional at the discretion of employers. The availability of these supplementary benefits—health insurance and pension coverage in particular—is dependent on a number of factors, but most importantly on the size of a company.

1.1 Types of Monetary Benefits

Monetary benefits are any kind of compensation provided in a form other than direct wages and paid for in whole or in part by an employer, even those

provided by a third party. Third-party benefits include those offered by the government, which disburses Social Security benefits that have been paid for by employers. This is called Tertiary Compensation. Below are tabled various employee benefit plans.

EMPLOYEE BENEFIT PLANS

Supplementary Educational Benefits	Supplementary Employee Incentive Benefits	Supplemental Accident Ins. for Children and Spouse
Supplementary Home Purchasing Assistance	Supplemental Security Income	Supplementary Recreational Benefits
Supplementary Child Care	Bonuses	Supplemental Flextime
Supplementary Transportation	Supplemental Health Benefits	Supplementary Lifestyle Benefits
Government Benefits (Mandatory)	Supplemental Retirement & Matching Savings	Entertainment Bonuses: Theater or Sports Tickets
Supplementary Savings	Anniversary Programs	Direct Deposit
Parking	Discount Program	Training/Continuing Edn.
Unemployment Insurance	Scholarships	Tuition Reimbursement
Medical Coverage	Family/Maternity Leave	Personal Development
Physical Examinations	Food Services	Profit Sharing
Fitness Center	Severance Pay	Family Benefits
Dependent Life Insurance	Social Security	Vision Coverage
Reimbursement Accounts	Medicare/Medicaid	Health Club Memberships
Athletic Teams	Workers' Compensation	Bereavement Leave
Social Functions	Salary Deferral	Paid Holidays
Pension Programs	Dental Coverage	Retirement Advice
Stock Options	Sick Days	Credit Union
Company Car	Life Insurance	Thrift Savings
Carpooling	Vacation	Car Allowance
Moving Expenses	Country Club Membership	Mass Transit Passes

1.2 Trend in Employee Benefits

Largely as a result of Government policies, employee benefits in the public and private sectors exploded during the 1950s, 1960s, and 1970s. Government mandates required that employers supply their workers with benefits such as workers' compensation, Social Security, and Medicaid. And new tax laws goaded employers to offer a smorgasbord (exotic varieties) of optional benefits such as pension plans, life insurance, stock bonuses, dental

care, child care, cafeteria plans, and many more. The proliferation of private-sector benefits ebbed during the late 1970s and 1980s, as the postwar economic expansion slowed and a new corporate cost-consciousness emerged.

Toward the end of the 20th century, employee benefits evolved from defined-benefit programs to contribution-defined programs where employers relinquished some of the responsibility to employees. With defined-benefit programs, employers determine pensions by using standard formulas based on employees' salaries and years of service to figure the monthly amount employees receive. Contribution-defined programs, on the other hand, use similar formulas based on salaries and years of service, but they vary, depending how much money employees contribute to their retirement funds.

Due to the high cost of basic benefits such as health insurance and pensions, more employers opted for benefits with lower price tags, such as sports tickets, pet days, concierge services, health club memberships, and massages in the 1990s. As a result the percentage of workers with pension coverage dropped from peak levels in the end-20th century to lower percent in the early 21st century. Besides the 'fringe benefits tax' is taking away a part of purchasing power from employees.

1.3 Primary Role of Employee Benefits

The primary role of employee benefits is to provide various types of income protection to groups of workers lacking income. Such income protection offers individual security and societal economic stability. Five principal types of income protection delivered by benefits are: (i) disability income replacement, (ii) medical expense reimbursement, (iii) retirement income replacement, (iv) involuntary unemployment income replacement, and (v) replacement income for survivors. Different mandatory and voluntary elements of each of these categories are often combined to deliver a benefit package to a group of workers that complements the resources and goals of the organization supplying the benefits.

2. Indirect Compensation

Indirect competition is more 'satisfaction derived or assumed to be derived'. Employees expect to derive job satisfaction from their work – this is

the feeling of satisfaction and enjoyment they feel in the process of performing their work, and not something given in return for their work.

Indirect compensation is non-pecuniary and may or may not be performance related. These include: Nature of Work, Recognition, Career/Pay Opportunities, Education/Learning Opportunities, Working Environment, Work Hours/Load, Time Demands, Management/Leadership Style, Employee Culture, Employee/Management Communications, Organization Image/Reputation, Location and Community Involvement.

i. Nature of Work: Make sure your organization possess factors that lead to an inspired, passionate workforce. Nature of job is important. At higher speeds, things that we regard as fixed take motion — even the dullest scenes spring to life. Jobs must be like that. Stirring, stimulating, sensible, sensitive, substantial, and what not.

ii. Recognition: Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce, with your chosen means of recognition, the actions and behaviors you most want to see people repeat. An effective employee recognition system is simple, immediate, and powerfully reinforcing.

iii. Career/Pay Opportunities: Everyone benefits when there is equilibrium between one's congenital talents, trained skills, and innermost proclivities. The organization must create conditions for greater Career and Pay opportunities clearly putting the career paths and Pay Progression Paths. Opportunities power people to exhibit superior performance. Good companies, are also dedicated to people development; hiring the best people, to continually develop their talent and to retain the best performers through reward, recognition and advanced training.

iv. Education/Learning Opportunities: Access to a broader range of lifelong work-based learning opportunities and resources for all deserving employees must be provided. This is a right way to sharpen and retain talents. Sabbatical opportunity is a necessity to diversify and rejuvenate skills. Professional qualifications and exposure to new aspects of business on a regular basis and

opportunities to embark on new things which have been of benefit not only to the organization but also to the employees on a personal level. These opportunities create a feeling of security as the knowledge and skill development happens to a degree that the employees become confident of tomorrow in the competitive world. any organization that can operate successfully in the global economy must have sound foundations.

v. Working Environment: Environment can make and mar one's performance to an extent for a handful and to a great extent for vast majority. Work environment gives the necessary 'extra-mile going intent'. Working practices are evolving from traditional proximity or geographical collocation paradigm to virtual collocation paradigm now. Here transparency, sharing, etc are important. Collaborative Working Environment providing the capabilities to share information is important today. Companies Governance policy, Integrity policy, Boss-Subordinate relationship, Balancing Work-Family life policy, etc are elements of work environment. Companies offer many programs and resources to support employees including financial management, family counseling and more. Try to arrange things so that people have easy access to the people and resources they need. Minimizing stress in the working environment is necessary.

vi. Work load and work hours: The load of work and work time could be a factor of satisfaction if they meet the likes of the employees. There are lovers of more load and longer work-time and also haters. The job-design must take cognizance of this. Managerial staff spends more time, roughly 15% more than non-managerial staff. Also must one consider household work load and time. German mothers in full-time employment spend (on average per week day) 1.5 hours more on paid and unpaid work combined than fathers in full-time employment. Although female labour force participation is increasing substantially, family work at large continues to be allocated disproportionately to women within a couple.

vii. Time Demands: The larger the demands on the time of an individual employee, less likely his satisfaction to be more for most of the employees. There are work-holics and more committed employees, who feel more satisfied as demands on their time rises.

viii. Management/Leadership Style: There is a strong association between leadership style and employee satisfaction. Strong relational leadership styles, with supervisor competence, are a stronger predictor of employee job satisfaction. Employee empowerment and improved levels of job satisfaction are facilitated by top management leadership. Make employees feel appreciated, and they will work harder and be more loyal. But there is often a disconnect between the type of appreciation employees want and what their managers think they want.

ix. Employee Culture: Employee culture exhibits what the employees look for in an organization. Are they looking for satisfaction of customers, co-workers and stakeholders first and in the end their own satisfaction? Do they keep their interest first and others next? We can define culture now. The former is proactive culture and the latter is not worthy of being called culture. Keeping organizational interests superior to personal ones is right thing.

x. Employee/Management Communications: Human resources professionals have long recognized the key role that immediate managers play in keeping their employees informed. The correlation between managerial communication effectiveness and employee satisfaction is well established based on strong quantitative data. Hewlett-Packard and GE have shifted the focus of much of their communication efforts to build on the immediate manager as the key link in the communication chain. Getting employees to communicate better and to keeping the company's progress on track are to build a quality interaction between the employee group and the management team. Breaking through the barriers and getting employees and managers working together help everyone advance a strategic vision and attain goals. This process includes four elements.

xi. Organization Image/Reputation: Organization Image/Reputation is important. The total impression (beliefs and feelings) an organization makes on the minds of the people is the organization image. The evaluation (respect, esteem, estimation) in which an organisation's image is held by the people is its reputation. If the total impressions of a company fit with a person's values about appropriate behaviour for that company, then the individual will form a good reputation of that company. The image/reputation instills in the employees a sense of pride in the work that they do. The conduct of the organization, the

expectations of the public and the derived sense of pride of the employees are intertwined.

xii. Location: Where is a company established? A posh area is good. Was the location posh even before the company was established there? Or it became posh after the company was located there? Pilani was unknown to many before Birla established the BITS. When a place is identified by a company established there, satisfaction of employees of the company can be proudly more.

xiii. Community Involvement: A company that is very much considered a great asset by the neigh-bourhood community is boost to employees' morale. The corporate citizen's style of functioning counts much here. In turn the community trusts the corporate house and gets involved. Employees love to work in a company held in good esteem by the neigh-bourhood people. Corporate Responsibility and community involvement are connected issues. Corporate Responsibility emphasizes the importance of achieving a balance between economic growth, social well-being and the protection of the environment, in support of the goal of sustainable development. Involving the community around in special occasions like foundation day celebration, national day celebrations, etc is very much essential for a binding love between the community and the company.

C. INTERNATIONAL COMPENSATION

Globalization is a reality for organizations of almost any size. Globalization has increased awareness of and concern for creating internationally equitable compensation systems in many companies, perhaps with the exception of only the smallest companies which are unaffected by the disappearance of global boundaries among organizations, markets, and people.

A global organization may elect to send a domestic employee or manager to an overseas assignment for any number of reasons: to broaden an employee's or manager's perspectives relative to international operations, to start or staff new ventures, to train local employees, to utilize specific expertise possessed by the employee, to protect the organization's interests, to help develop the employee or manager, to assist in the transfer of technology or skills, or to market products. Evidence suggests that American firms use expatriates to a

much lesser extent than do Japanese firms. The compensation for expats may vary with the kind of assignment he/she is given.

The complex nature of international compensation is really big and that it receives special attention from organization operating in a multi-national environment.

1. Components of International Direct Compensation

Compensation for employees of organizations operating in an international environment consists of four components: Base Salary, Indirect Monetary Compensation (Benefits), Equalization Benefits, and Incentives.

Base Salary: Two alternatives exist for determining base salary for an expatriate: (1) adhering to the established policies and procedures of the parent company's country, including formal job evaluation; or (2) following the policies and practices of the country in which the expatriate works. Since many international assignments are for short durations, usually 3 to 5 years, it may be wise to keep base salary aligned with salaries in the home country. Doing so makes the transition back home less complicated since major salary changes do not have to be made.

Indirect Monetary Compensation (Benefits): The benefits package for expatriates is generally the same as the one provided in the home country. However, an organization must be aware that specific countries require benefits that may not be offered in the home country. For example, in France employers are required by law to provide every employee with 25 days of vacation. Although an American working for an American company in France is not legally entitled to such a vacation, the organization may want to follow this practice to avoid morale problems with expatriates.

Equalization Benefits: These benefits are intended to keep expatriates in the same financial condition they were in before accepting an overseas assignment and to reduce any negative aspects of living in a foreign country. A limited selection of the benefits available includes the following:

Types of Equalization Benefit

Communication allowance	Emergency leave
Educational allowance for children	Home leave
Foreign service premium	Domestic staff
Assignment completion bonus	Club membership
Annual Paid trips to family	Language training
Spousal employment	Cultural training for family

This list only scratches the surface of the equalization benefits that can be offered in terms of financial allowances, social adjustment assistance, and transitional support for the expatriate's family.

Incentives: Expatriates may receive a variety of incentives ranging from cash bonuses of various kinds, to stock options, and performance-related payments. Crafting an effective international compensation plan requires a careful consideration of the various types of compensation as well as the specifics of the assignment and employee involved.

2. Components of International Indirect Compensation

Overseas assignment is considered an acknowledgement of one's contribution to the organization and capability to show further in the foreign land as well. Organizations must provide information about career path opportunities for employees accepting overseas assignments. The organization must do as much as possible to let employees working abroad know that they will not be forgotten and will be re-assimilated into the organization upon their return to the home country. The organization must provide as much information as possible about returning from an international assignment. This repatriation policy must be well thought out and incorporated into a repatriation plan.

3. Global Compensation system and Global Business Strategy

Companies with worldwide operations need to develop compensation plans for employees that are in line with their global business strategy. Companies that articulate a clear global pay philosophy and develop the corresponding compensation programs are best positioned to effectively execute their strategy, since executives and key contributors around the globe are unified on a common set of goals.

4. Procedure for establishing a Global compensation system

Before a company can design a program, it must assess where it falls currently on the "global" spectrum. For instance, an "international" company might have an R&D center in the U.S, manufacture in a low-cost region, and send expatriates to help execute the business strategy in a particular region or country. A company that is truly global determines what types of compensation programs are needed to help globalize the company. Typically, truly global companies have executives that hail from a variety of countries.

i. First assess where the company is on the global spectrum and in competition
ii. Review current programs and assess their effectiveness as a company continues to expand international
iii. Design Global and Local salary structures
iv. Decide who should participate in the global pay plan
v. Design Annual incentive programs stating what target levels are appropriate for various regions, and what performance measures are needed
vi. Decide the Long-term incentive programs specific to each country (what equity vehicles are appropriate for specific countries when considering local laws and employee expectations?)
vii. Decide Overall global employee stock ownership (to what extent can broad based equity programs such as ESPPs be rolled out internationally?)
viii. State the Expatriate policy development (what policies need to be in place
ix. Develop cafeteria plans that would offer a menu and level of benefits for employees to choose from.
x. Consider tax laws in the countries where subsidiaries of the parent operate and choose a right compensation

5. Compensation in the United States

Besides Basic Pay and usual allowance, employee benefits in the United States might include relocation assistance; medical, prescription, vision and dental plans; health and dependent care flexible spending accounts; retirement benefit plans; group-term life and long term care insurance plans; legal assistance plans; adoption assistance; child care benefits; transportation benefits; and possibly other miscellaneous employee discounts (e.g., movies and theme park tickets, wellness programs, discounted shopping, hotels and resorts, and so on).

Tax- Inclusion and Exemptions: Some fringe benefits (for example, accident and health plans, and group-term life insurance coverage up to US$50,000) may be excluded from the employee's gross income and, therefore, are not subject to federal income tax in the United States. Some function as tax shelters (for example, flexible spending accounts, retirement benefit plans). Fringe benefits are also thought of as the costs of keeping employees other than salary. These benefit rates are typically calculated using fixed percentages that vary depending on the employee's classification and often change from year to year. Normally, employer provided benefits are tax-deductible to the employer and non-taxable to the employee. The exception to the general rule includes certain executive benefits (e.g. golden handshake and golden parachute plans).

If certain conditions are met, **employer provided meals and lodging may be excluded from an employee's gross income.** If meals are furnished (i) by the employer; (ii) for the employer's convenience; and (iii) provided on the business premises of the employer they may be excluded from the employee's gross income. In addition, lodging furnished by the employer for its convenience on the business premise of the employer (which the employee is required to accept as a condition of employment) is also excluded from gross income. Importantly, section 119(a) only applies to meals or lodging furnished "in kind." Therefore, cash allowances for meals or lodging received by an employee are included in gross income.

Cafeteria: American corporations may also offer cafeteria plans to their employees. These plans would offer a menu and level of benefits for employees to choose from. In most instances, these plans are funded by both the employees and by the employer(s). The portion paid by the employees is deducted from their gross pay before federal and state taxes are applied. Some benefits would still be subject to the income tax, such as pension plan contributions; however, health premiums, some life premiums, and contributions to flexible spending accounts are exempt from FICA.

Employees of employers with cafeteria plans may obtain such benefits as health insurance, group-term life insurance, and flexible spending accounts through the plan. Though some cafeteria plans offer an explicit choice of cash or benefits, most today are operated through a "salary reduction agreement", which is a payroll deduction in all but name. Deductions under such agreements are

often called pre-tax deductions. Salary reduction contributions are not actually or constructively received by the participant. Therefore, those contributions are not considered wages for federal income tax purposes. Reasons for implementing a Section 125 plan are primarily for the tax savings advantages for the employer and employee. Both parties save on taxes and therefore increase their spendable income. Employees' pretax contributions are not subject to federal, state, or social security taxes. Employers save on the employer portion of FICA, FUTA, and Workers' Compensation premiums.

6. Compensation in the United Kingdom

Besides Basic Pay and usual allowance, employees get a good lot of benefits, in the UK that include, **Employee Benefits as Flexible Benefits (Flex) and Flexible Benefits Packages, Voluntary Benefits and Core Benefits.**

Flexible Benefits, usually called a "Flex Scheme", are where employees are allowed to choose how a proportion of their remuneration is paid. Currently around a quarter of UK employers operate such a scheme. This is normally delivered by allowing employees to sacrifice part of their pre-tax pay in exchange for a car, additional holiday, a shorter working week or other similar benefits, or give up benefits for additional cash remuneration. The proportion of employees opting this component of pay is rising.

Voluntary Benefits includes a collection of benefits that employees choose to opt-in for and pay for personally. Employee Discount schemes are often setup by employers as a perk of working at the organization. Employee stock options (ESOs) are non-standardized, over-the-counter options that are issued as a private contract between the employer and employee. Over the course of employment, a company issues to an employee vested or non-vested ESOs which are struck at a particular price, often the company's current stock price. Depending on the vesting schedule and the maturity of the options, the employee may elect to exercise the options at some point, obligating the company to sell the employee its stock at whatever stock price was used as the strike price. At that point, the employee may either sell the stock, or hold on to it in the hope of further price appreciation.

Core Benefits are to benefits which all staff enjoy, such as holiday, sick pay and sometimes flexible hours.

D. PAY FOR PERFORMANCE

Pay for performance, sometimes abbreviated "P4P", is a system of compensation in which employees receive compensation for their work if there is a team, department or company when it reaches certain targets. As of 2008, 80 percent of all U.S. companies connect at least part of an employee's pay to measures of performance. At the junior or middle management level it's always easy to link the pay package to the performance. Normally done through well defined (in some organizations though) KRAs or key result areas. Pay should be linked to performance. It needs the formula in assessing that performance (percentage of personal contribution and percentage of team related factors) that will affect the bottom-line and future growth of the company. P4P is also known as 'Merit pay' in certain limited contests. Merit Pay is a term describing performance-related pay, most frequently in the context of teacher remuneration. It provides bonuses for workers who perform their jobs better, according to measurable criteria.

MNC Sony has established periodic employee performance reviews by managers and, through open and frank discussions. Sony has built a framework that encourages individual employees to engage in new challenges. This is based on the concept of Contribution = Compensation (C = C). In addition, it is implementing a reward system that fairly evaluates the contributions of employees.

1. Need for P4P

Linking pay with performance is essential if you want high performance. Time scale may be good for marginal performers, but may turn into a major turnoff to high-performers and lead to low morale and hence performance in due course. Continued dissatisfaction may lead to high-performing colleagues pursuing careers in elsewhere and high-turnout. And in the long-run organizations are left with 'Great Marginal Performers' only.

Great performers and leaders are very hard to find and are worth every penny they are paid, regardless of structural imperfections in the ways that compensation packages are negotiated and determined. The Investment Banker,

Moody's believe in that 'pay must reflect value to an organization, and possibly also potential performance'. Compensation should always be determined by 'composite performance'. A combination of 'accomplishing a set of goals, profitability, and company long term strength' may be the basic criteria.

2. Issues in P4P

i. What is the basis: Past, Present, or Expected performance?

The previously established objectives have to be achieved and pay linked to that. But people also say, pay linked to **'past performance'** is something of a "run of the mill" process. This is quite common in most organizations, and this once-a-year activity makes it look very ordinary. Past performance sometimes is more related to the team and environment than the person himself, therefore repeating past successes may not turn out to be that easy. How much past is also a difficult question to answer. Hence, 'current' performance is good candidate. Expected performance is always the hidden factor in P4P. Generally current pay often reflects past performance, not current or expected performance.

Pay linked to **'present performance'** sounds 'little genuine and more like a day-to-day work tracker'. But the word 'present' should not be considered in a fleeting time perspective. Rather it means, the 'pay cycle period' and lag in reward again in terms of 'pay cycle period'. Supposing monthly pay cycle, pay for performance could be implemented with a lag of 1 or 2 months' lag for ascertaining performance and rewarding the same. The 'time lag' is for measuring the performance.

Pay linked to **'future performance'** is "Two Faced". The first face being very genuine, the pay is linked to the targets/deadlines that an employee has set himself and [is based on] how one meets and exceeds them. The Second face, as the strategies keep changing in an organization, so do the roles and responsibilities of the employees, particularly in critical positions. This might not present a clear payment reward for an employee, but this will surely test the employee's ability under different circumstances, which might be rewarded over a period of time; and this might not be the right time. To conclude, pay does motivate individuals to better their past performance.

A combination of all the 3 time periods: Organizations must develop a structured pay-for-performance reward mechanism that is not exactly a 'cocktail of past, present and future performance', but is also well aligned with the organization's objectives, employee's track record, and leadership potential in those employees who will play a prime role towards the growth of the organization.

ii. What is the individual performance criterion?

Can we properly measure it? Performance actually is a mixing of personal competence, motivation and the environment. A bad performer in an organization may perform perfectly well in another organization. May be a better culture, or better leadership or better salary could be the factor. What portion of the performance is therefore the employee's contribution and how much the share of the 'environment'? The determination of the respective 'share' is difficult.

iii. Does this individual performance contribute to the organizational goal?

How is an individual's performance contributing to organization goal? There are quantitative and qualitative aspects. The qualitative aspects cover strategic issues, competitive factors, technological superiority, ability to sustain in times of difficulty like the recent global meltdown, etc.

iv. Is there Dissociation between performance and performance?

Pay for performance has increasingly become the subject of intense interest and debate. Pay for performance has become an established feature of many payment systems in the private sector. Sometimes we forget why we pay people. And in some cases, 'in the compulsion to stay on par with other players, we lose track of real value and performance' and compensation becomes so dissociated with performance that performance pales in dim.

v. What is the basis of offered compensation by competitor-firms while hiring?

While an organization pays employees by their performance ranking according to observation and understanding, how do competitor-firms compensate employees poached from other organizations? Their calculation is competence, expectation, potentials and the like. The past performance and

potential of the persons can be judged to an extent and also secretly revealed by these people as well. It must be noted that, hiring company loses a lot by paying professionals who are not up to the mark and by then firing them off and go for a new-hire and so on.

vi. Which should be the basis - Long-term and short-term performance?

Generally speaking, in private sector employees favored schemes designed to reward long-term as well as short-term performance. Such schemes need to be based on the 'achievement of both financial and non-financial objectives', and in general 'create value' for shareholders. But, What constitutes 'creating value' in the enterprise? Many boards are too ready to turn over the keys to the incoming CEO. Watch the 'stock price to see if he or she did a good job'. That is definite 'internal yardstick of performance is not found'. But, a multiplicity of indicators can be evolved based on one's performance in the prime responsibility area, the direct or indirect effect on the related areas and market performance data. Reasonable judgment can be made. After all, nothing is immeasurable in the world. Some are more responsible for longer term effect like R&D personnel, New Product development, new market development, etc. others may be more responsible for short-term gains like inventory management, after-sale service, etc. Accordingly, the 'proportion of incentives for short-term performance and incentives for long-term performance' may be differently packed up.

A CEO must develop and implement strategies that provide long-term sustainable outcomes to the benefit of shareholders' and make payment linked to performance to employees. Because excitement is so critical to success, the value of 'pay for performance can be diminished the longer the time delay for receiving performance pay'. Of course, Winning Leaders will be successful even if they didn't get pay linked to their performance. Companies are under the gun to devise pay packages that reward long-term performance rather than short-term greed.

vii. Can we separate one's performance from that part attributable to others?

Separate the performance attributable to the market in general v. the performance directly attributable. In team performance this is a great problem. For instance in a Cricket game to what one can attribute a team's success, runs

taken, or wickets taken, or fielding? The challenge in incentive based compensation packages is to separate the performance attributable to the market in general v. the performance directly attributable to the managers' performance. In the investment management industry several managers are paid a percentage of the assets they manage. If the overall market goes up 16% - and their portfolio goes up about the same - so does their pay. So in money management there would seem to be evidence and that there is an incentive actually to "closet index". In other industries there are plenty of examples of managers making pay linked to performance.

3. Limitations of P4P

i. First, there are limits within which pay can elicit performance.
ii. Second, performance is not measurable.
iii. Third, beyond a certain amount of incentive, incentive does pay provide an incentive for or even influence performance.
iv. Fourth, P4P can devastate the marginal performers, instead of motivating them to become superior performers.

Lack of correspondence between 'pay and performance' does exist even in organizations that claim to follow P4P.. There are a number of reasons why pay may not reflect performance. First, many of the larger pay packages are negotiated by those being hired from outside the organization. Most often, an outside hire is prompted by poor performance by insiders. So in a sense, the bargaining power of the outsider is increased, regardless of the performance that may be delivered later.

P4P actually degenerates to market going rate, as many pay packages are determined on the basis of what others in comparable jobs, regardless of performance, are being paid. This creates a natural disconnect between pay and performance.

4. Evaluation of P4P

In conclusion, performance linked pay is a strong motivation, but only if applied fairly within an organization and when it meets the expectations of the individual. This is a hard balance to strike. Victor Vroom's Expectancy Theory will motivate when an employee believes that: Putting in more effort will yield better job performance; Better job performance will lead to organizational rewards, such as an increase in salary or benefits; and these predicted organizational rewards are valued by the employee in question. Negotiated

performance targets are better set. At the end of the year performance may be evaluated. Pay may be adjusted accordingly. That system could be a very real incentive to not only work hard, but take extra steps to make sure the organization exceeds its performance goals.

E. EXECUTIVE COMPENSATION AND INCENTIVE

Executive compensation is about how top executives of business corporations are paid. This includes a basic salary, bonuses, shares, options and other company benefits. Over the past three decades, executive compensation has risen dramatically beyond the rising levels of an average worker's wage or the rate of inflation. About half of Fortune 500 CEO compensation was in cash pay and bonuses, and the other half in the form of vested restricted stock, and gains from exercised stock options according to Forbes magazine.

The categories that Forbes use are (i) salary (cash), (ii) bonus (cash), (iii) other (market value of restricted stock received), and (iv) stock gains from option exercise (the gains being the difference between the price paid for the stock when the option was exercised and that day's market price of the stock). Typical CEOs in MNCs in the US are rewarded with bonuses, stock option mega grants, retroactive monetary awards for past performance, pensions, and other compensation that makes the annual income of CEOs exceeding that of even film-media personalities and the best professional athletes and paling by comparison.

In boom times it is a non-issue to shareholders because they are reaping rewards from companies doing well in the market in the form of increased share prices and dividends. It is only when the economy has dampened and the shareholders are not satisfied that executive performance and compensation become a 'hot' issue. The recent financial crisis has again triggered the debate on executive compensation. A proposal to limit executive compensation came up for discussion at G 20 meeting held in Pittsburgh in September 2009. Harvard Business Review in July 2009 had carried a discussion on the subject. However this is not the first time that issue has been discussed.

1. Core Elements of Executive Compensation

There are five core elements of executive compensation or remuneration.

Base salary
Short-term incentives, or bonuses
Long-term incentive plans (LTIP)
Employee benefits
Perquisites, or perks

a. Base salary

In a typical modern corporation, the CEO and other top executives are paid salary plus short-term incentives or bonuses. This combination is referred to as Total Cash Compensation (TCC).

b. Short-term incentives

Effective short-term incentives can enable you to: (i) create focus on short-term goals and immediate priorities, (ii) align rewards with individual and business performance (iii) provide a competitive or differentiated total remuneration package for high achievement.

Short-term incentives usually are formula-driven and have some performance criteria attached depending on the role of the executive. For example, the Sales Director's performance related bonus may be based on incremental revenue growth turnover; a CEO's could be based on incremental profitability and revenue growth. Bonuses are after-the-fact (not formula driven) and often discretionary. Executives may also be compensated with a mixture of cash and shares of the company which are almost always subject to vesting restrictions (a long-term incentive).

c. Long-term incentives

Well designed long-term incentives can ensure that executives focus on what's best for the organization well into the future, not just on the current bottom line. They can create a focus on medium and/or long-term goals and also instill a sense of ownership of those goals. As a result, they help employers to: (i) align rewards with shareholder interests, (ii) retain key people (especially in critical periods such as pre- and post-sale or IPO), (iii) align people costs with business results.

To be considered a long-term incentive the measurement period must be in excess of one year (3-5 year period is common). Long-term incentive is predominantly the 'stock option'. The vesting term refers to the period of time before the recipient has the right to transfer shares and realize value. Vesting can be based on time, performance or both. For example a CEO might get 1 million in cash, and 1 million in company shares (and share buy options used).

d. Employee benefits

Employee benefits include: Stock options including Restricted stocks, Retention Pays (Golden Handcuffs, Profit Sharing, etc), Severance Pay (golden Handshakes, golden Parachutes, gold boot compensation), Retirement plans, etc.

i. Stock options: Stock options as part of executive compensation align the interests of CEOs to those of shareholders, since options are valuable only if the stock price remains above the option's strike price. **Stock options** are now counted as a corporate expense (non-cash), which impacts a company's income statement and makes the distribution of options more transparent to shareholders. Critics of stock options charge that they are granted excessively and that they invite management abuses such as the options backdating of such grants. Stock options also pose a conflict of interest in which a CEO can artificially raise the stock price to cash in stock options at the expense of the company's long-term health, although this is a problem for any type of incentive compensation that goes unmonitored by directors. Indeed, **'reload' stock options** allow executives to exercise options and then replace them in part (and sometimes in whole), essentially selling the company stock short (i.e., profiting from the stock's decline). For various reasons, including the accounting charge, concerns about dilution and negative publicity related to stock options, companies have reduced the size of grants to executives. **Restricted stock:** Executives are also compensated with restricted stock, which is stock given to an executive that cannot be sold until certain conditions are met and has the same value as the market price of the stock at the time of grant. As the size of stock option grants have been reduced, the number of companies granting restricted stock either with stock options or instead of, has increased. Restricted stock has its detractors, too, as it has value even when the stock price falls. As alternative to straight time vested restricted stock, companies have been adding performance type features to their grants. These grants, which could be called

performance shares, do not vest or are not granted until these conditions are met. These performance conditions could be earnings per share or internal financial targets. **Cash compensation** is taxable to an individual at a high individual rate. If part of that income can be converted to long-term capital gain, for example by granting stock options instead of cash to an executive, a more advantageous tax treatment may be obtained by the executive.

ii. 'Golden handcuffs': 'Golden handcuffs' are a system of financial incentives designed to keep an executive not leaving the company. These can include employee stock options which will not vest for several years but are more often contractual obligations to give back lucrative bonuses or other compensation if the employee leaves for another company. Golden handcuffs are a response by the companies in industries where it is common for highly compensated executives to frequently move from one firm to another, often before the company feels that it has earned a return on the investment in the employee.

iii. Golden Handshake: A golden handshake is a clause in an executive employment contract that provides the executive with a significant severance package in the case that the executive loses his or her job through firing, restructuring, or even scheduled retirement. This can be in the form of cash, equity, and other benefits, and is often accompanied by an accelerated vesting of stock options. Typically, 'golden handshakes' are offered only to high-ranking executives by major corporations and may entail a value measured in millions of dollars. Golden handshakes are given to offset the risk inherent in taking the new job, since high-ranking executives have a high likelihood of being fired and since a company requiring an outsider to come in at such a high level may be in a precarious financial position.

iv. Golden Parachute: A golden parachute is an agreement between a company and an employee (usually upper executive) specifying that the employee will receive certain significant benefits if employment is terminated. Sometimes, certain conditions, typically a change in company ownership, must be met, but often the cause of termination is unspecified. These benefits may include severance pay, cash bonuses, stock options, or other benefits. They are designed to reduce perverse incentives. Golden parachutes make it easier to hire and retain executives, especially in industries more prone to mergers. They help an executive to remain objective about the company during the takeover process.

They dissuade takeover attempts by increasing the cost of a takeover, often part of a Poison Pill strategy. The use of the term "golden parachute" has significantly increased in 2008 due to the global economic recession. The use of golden parachutes expanded greatly in the early 1980s in response to the large increase in the number of takeovers and mergers. According to a 2006 study by the Hay Group human resource management firm, the French executives' golden parachutes are the highest in Europe, and equivalent to the funds received by 50% of the American executives. In contrast, the French standard revenues for executives located themselves in the European average. French executives receive roughly the double of their salary and bonus in their golden parachute.

v. Golden Boot Compensation: Golden boot compensation is an inducement, using maximum incentives and financial benefits, for an older worker to take "voluntary" early retirement. This is also called as Voluntary Retirement Scheme or VRS.

vi. Retirement plans: Retirement plans include gratuity, pension, family pension, etc.

e. Perquisites, or Perks

Other components of an executive compensation package may include such perks as generous retirement plans, health insurance, a chauffeured limousine, an executive jet, interest free loans for the purchase of housing, etc. Employee benefits are a vast pool available to each and every employee, including executives. Educational Benefits, Home Purchasing Assistance, Medical Coverage, Fitness Center, Dependent Life Insurance, Security Income, Accident Insurance for Children and Spouse, Recreational Benefits, Lifestyle Benefits, Bonuses: Theater or Sports Tickets, Retirement & Matching Savings, Profit Sharing, Severance Pay, Dental Coverage, Company Car, Country Club Membership, Vacation, Moving Expenses, Pension Programs, Medicare/Medicaid, Paid Holidays, Health Club Memberships, Vision Coverage and so on.

2. Other Aspects of Executive compensation

Performance Linked Pay: CEO performance to compensation link is essential. 'Creating value' to the enterprise is the performance yardstick. What is 'Value

creation to the enterprise'? Is it market value? Is it 'core competence'? Is it 'corporate image'? How are these measured? Given the stock market volatilities, a better solution would have the board defining strategic and operating objectives against which to measure a CEO's performance, taking responsibility for knowing that performance on these dimensions will create shareholder value. These initiatives would be specific, rather than general and incremental (e.g. increase operating profit by 15%) based on a common, clearly communicated vision of where the company must go to be successful. A more capable, engaged board is key to making this work.

Levels of compensation: The level of compensation in all countries has been rising dramatically over the past decades. Not only is it rising in absolute terms, but also in relative terms. The Forbes' List shows that: the typical salary in the top of the list is $1 million - $3 million; the typical top cash bonus is $10 million - $15 million; the highest stock bonus is $20 million; the highest option exercise have been in the range of $100 million - $200 million. In 2007, CEOs in the S&P 500, averaged $10.5 million annually, 344 times the pay of typical American workers. This was a drop in ratio from 2000, when they averaged 525 times the average pay.

3. Control of Executive Compensation

Excessive CEO compensation is a matter of debate and research all over the globe. According to an estimate, in USA, the CEO compensation is 400 times the average compensation of employees in the company. Shareholders are outraged over the excessive CEO compensation because they see it as expropriation of their wealth. Others see it from the point of view of inequality and consider it as a socially unacceptable behaviour of companies.

i. Lids / Control / Regulation of executive compensation: Executive compensation is rising faster than shareholder worth, or corporate growth. Also, the CEO's salary runs several times the salary of last employee. The U.S. stood first in the world in 2005 with average ratio of 39:1 CEO's compensation to pay of manufacturing production workers. Britain second with 31.8:1; Italy third with 25.9:1, New Zealand fourth with 24.9:1. Further, compensation of CEOs in the private sector is vulgar when it is compared with compensation of senior bureaucrats and CEOs in the public sector.

ii. Some Strategies for Putting a lid or some control on CEO Compensation: Putting a lid or some control on CEO salary is important. There are a number of strategies that could be employed as a response to the growth of executive compensation warranting some kind of regulation or control.

iii. CEO compensation fixation by Independent non-executive director: This kind of pay fixation is widely practiced. Remuneration is the archetype of self dealing. An independent remuneration committee is an attempt to have pay packages set at arms' length from the directors who are getting paid.

iv. Disclosure: Disclosure of salaries is the first step, so that company stakeholders can know and decide whether or not they think remuneration is fair. In the UK, the Directors' Remuneration Report Regulations 2002 introduced a requirement into the old Companies Act 1985, the requirement to release all details of pay in the annual accounts. This is now codified in the Companies Act 2006. Similar requirements exist in most countries, including the U.S., Germany, India, Canada, etc.

v. A 'say on pay': A 'say on pay' is a non-binding vote of the general meeting to approve director pay packages. This is practiced in a growing number of countries. Some commentators have advocated a mandatory binding vote for large amounts (e.g. over $5 million). The aim is that the vote will be a highly influential signal to a board to not raise salaries beyond reasonable levels. The general meeting means shareholders in most countries. In most European countries though, with two-tier board structures, a supervisory board will represent employees and shareholders alike. It is this supervisory board which votes on executive compensation.

vi. Progressive taxation: Progressive taxation is a more general strategy that affects executive compensation, as well as other highly paid people. There has been a recent trend to cutting the highest bracket tax payers, a notable example being the tax cuts in the US, India, etc. Ex-Soviet Baltic States also have a flat tax system for incomes. Executive compensation could be checked by taxing more heavily the highest earners, for instance by taking a greater percentage of income over $200,000.

vii. Maximum wage is an idea which has not been implemented anywhere. The argument is to place a cap on the amount that any person may legally make, in the same way as there is a floor of a minimum wage so that people can not earn too little.

4. Criticisms & Defenses on Lid / Control on Executive compensation

There are some people who support and some others who oppose excessive executive compensation.

4.1 Criticisms

Employee Unions have been very vocal in their opposition to high executive compensation. The AFL-CIO (An Employee Union in the USA) sponsors a website called ***'Executive Pay-watch'*** which allows users to compare their salaries to the CEOs of the companies where they work. Excessive executive compensation has taken center stage since the government bailout of banks that began in September 2008. Americans have expressed outrage as CEOs and other executives responsible for the financial crisis have pocketed millions of dollars from bonuses and golden parachutes. CEO perks alone in 2008 amounted to an average of $364,041—or nearly 10 times the median salary of a full-time worker. Meanwhile, the economy tanked for working people while many companies were bailed out with more than $700 billion in taxpayer money, as well as low-interest loans and guarantees.

People express concern that CEOs are paid too much for the services they provide. Harvard Business School professor ***Rakesh Khurana*** documents the problem of excessive CEO compensation, showing that the return on investment from these pay packages is very poor compared to other outlays of corporate resources. Further there is geographic difference. U.S. executives make substantially more than their European and Asian counterparts. Because the US CEO market is competitive with switching loyalty. In the United States it is acceptable and even admirable for a senior executive to jump to a competitor, to a private equity firm, or to a private equity portfolio company. But in Japan a senior executive has few alternatives to his current employer. The U.S. Congress is currently debating mandating shareholder approval of executive pay packages at publicly traded U.S. companies.

Defenses: Defenders argue, the increase in executive pay is a mere byproduct of supply and demand for executive talent. Defenders of high executive pay say that the global war for talent and the rise of private equity firms can explain much of the increase in executive pay. CEO compensation should be viewed as a business decision. Government should not intervene in business decisions. Business decisions are left to the board of directors and shareholders. Therefore, it is appropriate that decisions on executive compensation are left to the board of directors and shareholders. It is true that, in practice, shareholders have no say in executive (including CEO) compensation. This issue can be addressed by individual companies.

5. Governance issue

Excessive CEO compensation should be viewed as a corporate governance issue. It may be that the Government is concerned about shareholders' interest. It is true that the Government has the responsibility to protect the interest of shareholders and other stakeholders companies and it frames appropriate laws for protecting the same.

But introduction of a regulation to cap CEO compensation is not the right solution. Regulations have failed to work effectively because compensation can come in many forms. Regulations have the potential to damage the talent market and the reward system. In the USA, shareholders, often members of the Council of Institutional Investors or the Interfaith Center on Corporate Responsibility have often filed shareholder resolutions in protest. 21 such resolutions were filed in 2003. About a dozen were voted on in 2007, with two coming very close to passing as binding legislation.

United States: The U.S. Securities and Exchange Commission has asked publicly traded companies to disclose more information explaining how their executives' compensation amounts are determined. The SEC has also posted compensation amounts on its website to make it easier for investors to compare compensation amounts paid by different companies.

After a 15% collective pay cut in 2007, chief executives of the 500 biggest companies in the U.S. (as measured by a composite ranking of sales, profits, assets and market value) took another reduction in total compensation, 11%, for 2008. The last time the big bosses took a pay hit for two consecutive

years was in 2001 and 2002. In total, these 500 executives earned $5.7 billion in 2008, which averages out to $11.4 million apiece and computes to less than 1% of total revenues and 3% of total profits of their companies.

India: India has a differential compensation structure. Public sector chiefs get paid according to certain government norms and the private sector's is market driven'. Private sector compensation structures are market driven and that's the way these should be. As of now we cannot hold an expectation or hope that compensation structures will come down. But management sensitization is needed against unreasonably high compensation for executives. The Union Corporate Affairs Ministry's is flagging the issue of an honest corporate compensation packages.

The Reserve Bank of India is taking up the issue with compensation in banks. In the Second Quarter Review of Monetary Policy 2009-10, the Reserve Bank of India said it is working on the principles outlined in the Financial Stability Board for sound compensation and has proposed to issue suitable guidelines to private sector and foreign banks for the same. According to the RBI policy, 'The FSB has brought out certain principles for sound compensation practices. The principles call for effective governance of compensation, and for compensation to be adjusted for all types of risk, to be symmetric with risk outcomes, and to be sensitive to the time horizon of risks'. Compensation packages of EOs have become a contentious issue in the wake of the global economic crisis. Organizations will have to refer the executive compensation packages to their respective boards and formulate the compensation structure for the senior management in accordance with the guidelines before sending the proposal governance bodies for approval.

Australia: In Australia, shareholders can vote against the pay rises of board members, but the vote is non-binding. Instead the shareholders can sack some or all of the board members.

F. PAY DIFFERENCES- CAUSES AND CONSEQUENCES

'Pay differences or Pay gaps' exist across geographies (continents, nations, region and cities), between expats and locals, between genders, among occupational classes, among jobs, among races, among peers, among sectors, between entry level and mid/higher levels, and so on.

1. Types of Pay Difference

'Pay differences or Pay gaps' across geographies (continents, nations, region and cities): Pay gaps exist across continents, the firms in the western continents pay more, while those in the eastern pay less. Developed continents pay more than the less developed ones. Across nations the pay gaps are vast. USA pays very much, sometimes, 4-6 times more in India. Middle-east also pays more, 3-4 times more than India. That is the reason USA and Middle-east are major destinations for Indians seeking jobs abroad. Within nations certain regions pay more for same jobs than other regions. In Kerala State of India the wage rates are higher than in Tamil Nadu, because manual labour in Kerala is bit scarce as most citizens have an interest in Middle-east jobs. Across cities pay/salary/wage gaps exist. May be 'cost of living' and 'cost of life' are a factor.

i. 'Pay differences or Pay gaps' between expats and locals: An expatriate employee is paid more for the same job than a local with similar skills and working for the same purpose in the same organization. There are tendencies to rate an expatriate's contribution superior. This could be a truth. Because, expats are generally the 'extra-mile' goers and 'value-adders' too. An expatriate is expected to be superior of the 'lots' and that is why he is 'imported' into.

ii. 'Pay differences or Pay gaps' between genders: Despite a sense of continued progress toward gender equality in the workplace, women make only 80% of pay that men earn. Women in the workforce are also less likely to work a full-time schedule and are more likely to leave the labor force for longer periods of time than men, further suppressing women's wages. Differing work patterns and work profiles lead to an even bigger wage differentials by gender factor. **Women working full-time in the financial sector earn 55% less a year on average than their male counterparts,** with those in some of the most lucrative areas, such as fund management and futures trading.

In UK, according to the National Institute of Economic and Social Research survey a large gender pay gaps existed 'whichever measure is taken', with full-time female employees receiving 39% less per hour than men. The pay gap in the finance sector is approximately double that for the economy as a whole, both on an hourly and annual basis. The **World Economic Forum's**

Gender Gap Report states, 'No country in the world has yet managed to eliminate the gender gap'.

In the U.S., the Bureau of Labor Statistics cites women working 41 to 44 hours per week earn 84.6% of what men working similar hours earn; women working more than 60 hours per week earn only 78.3% of what men in the same time category earn. The US Census statistics show that the gap between men's and women's earnings widened slightly between 2007 and 2008, from 77.8 (generally rounded to 78 percent) to 77 percent. The gender pay gap is greatest in the private sector, with the arts and communication sectors showing the widest gulf, at 17 percent. In New York, college-educated women earn an average annual salary of $58,700 compared with $74,900 among male peers, or, female pay at 71% of male pay. The US House of Representatives passed the **'Paycheck Fairness Act' to strengthen enforcement of the Equal Pay Act on January 9, 2009.**

Men's work tends to be evaluated as higher-quality than equally-good or better women's work. This can impact who is offered mentoring, who is assigned a job assignment, who is offered a promotion, and so on - and all of these factors in turn have an effect on the pay gap. For example, one study of credit in the sciences, published in Nature, looked at productivity (measured in terms of publications in scientific journals, how many times a person was a 'lead author' of an article, and how often the articles were cited in scientific journals) and sex. These factors were then compared to how an actual scientific review panel measured scientific competence when deciding on research grants. The results? **Female scientists needed to be at least twice as accomplished as their male counterparts to be given equal credit.** Women and men often make different choices: in college major, in hours and years worked, and in what jobs to take. And pay differences creep up.

iii. 'Pay differences or Pay gaps' among jobs or among positions or between Entry level and mid/higher levels: The pay gap between a CEO and other workers in a company is enormous in India and USA and it is growing. In Europe, the differential is less. According to ***Anil Sachdev***, Chairman and MD of 'Grow Talent', nowhere in the world such obscene difference in salary levels prevails. In the US, CEO salaries are high. But the gap between top honcho and the immediate subordinate will not be as high as that in India. Bridging this gap

by making employees part owners of the company is needed. To achieve this, we need to create a transparent and collegial culture A CEO needs to forego his ego and manage people, who are brighter and more talented than oneself.

iv. 'Pay differences or Pay gaps' among races: The US Census statistics show that the gap between men's and women's earnings widened slightly between 2007 and 2008, from 77.8 (generally rounded to 78 percent) to 77 percent. Based on the median earnings of full-time, year-round workers, women's earnings were $35,745 and men's earnings were $46,367. Median earnings for most women of color are even lower. In 2008, the earnings for African American women were $31,489, 67.9 percent of men's earnings (a drop from 68.7 percent in 2007), and Latinas' earnings were $26,846, 58 percent of men's earnings (a drop from 59 percent in 2007). Asian American women's earnings in 2008 were $42,215 -- 91 percent of men's earnings, an increase from 89.5 percent in 2007. The case of **'Hispanic men'** shows deterioration over the years.

Yearly Trend in Pay gaps taking American Men's Pay as 100

Year	White men	Black men	Hispanic men	White women	Black women	Hispanic women
1970	100%	69.0%	n.a.	58.7%	48.2%	n.a.
1975	100	74.3	72.1%	57.5	55.4	49.3%
1980	100	70.7	70.8	58.9	55.7	50.5
1985	100	69.7	68.0	63.0	57.1	52.1
1990	100	73.1	66.3	69.4	62.5	54.3
1992	100	72.6	63.3	70.0	64.0	55.4
1994	100	75.1	64.3	71.6	63.0	55.6
1995	100	75.9	63.3	71.2	64.2	53.4
1996	100	80.0	63.9	73.3	65.1	56.6
1997	100	75.1	61.4	71.9	62.6	53.9
1998	100	74.9	61.6	72.6	62.6	53.1
1999	100	80.6	61.6	71.6	65.0	52.1
2000	100	78.2	63.4	72.2	64.6	52.8
2003	100	78.2	63.3	75.6	65.4	54.3
2004	100	74.5	63.2	76.7	68.4	56.9
2006	100	72.1	57.5	73.5	63.6	51.7

v. 'Pay differences or Pay gaps' among peers: Among peers in the same organization pay differences could exist due to Organizational politics, Tournament theory orientation, Allocation preferences, Gender difference, Expat-localite factor, Racial factor, etc. In the case of owner managed firms or firms with larger promoter stake-holding the pay gap used to be very high. The compensation gap between an entry-level software engineer in an Indian company as opposed to an MNC is much higher than the differential between program managers in both companies, research works establish.

vi. 'Pay differences or Pay gaps' among sectors: In the private sector generally there is high degree of pay gap, because performance linked pay, power-play linked pay, promoter-interest linked pay and such things prevail. On the contrary in public sector, time scale is generally the order. It is the service sector, especially consulting, investment banking and IT sector, huge wage divide exist. Indian employees in multinational firms get high pay packages than staffs in other geographies. Indian arms of global companies turn to local market surveys to set Indian salaries, they usually position themselves as employers that pay above industry averages.

2. Causes of Pay Difference

So what does cause the pay gâps? There's no simple answer to that question, because all sorts of factors go into creating the pay gap and, making things more confusing. The different factors inter-relate. Let's look at some of those factors.

i. Occupational Segregation – Male jobs Vs Female jobs

First, occupational segregation, in which women and men, due to social structures and also hiring discrimination, are "steered" into certain jobs. This causes some jobs (like child care worker) to be **female-dominated**, while other jobs (like truck driver) are **male-dominated. 'Women's jobs'** get paid less than workers in 'men's jobs'. The reason for the pay gap is not discrimination against individual women but rather discrimination against women's occupations'. The more women work in a job, the lower the pay in that job is likely to be. Paradoxically, this means that some men - men in female-dominated workplaces or job positions - are in effect paid less because of discrimination against jobs done by women! The discrimination is worked out to be 7% against

jobs done by 'white women' and 19% against jobs done by 'coloured/black women'. The overall wage penalty against **'female jobs'** is 13%.

ii. Occupational Segregation – 'manual jobs' Vs 'intellectual jobs'.

Similarly 'manual jobs' get paid less than **'intellectual jobs'.** In 'manual jobs' there is exertion every time. 'Intellectual job' does not need such repeated exertion, once the skills are learnt the hard-way, you have the skill all the time. But the pay gap between 'manual and mental jobs is caused by 'supply-demand factors', 'substitute-indispensability factors', and the like. The manual labour supply is always more than the demand and hence 'hands' are available, and a pair of hands perfectly substitutes another pair of hands. Moreover machines and equipments could also substitute manual labour. So pay is small. For intellectual labour the indispensability and short-supply factors cause getting paid by the nose or roof.

iii. High paying and low paying organizations

There are high paying and low paying companies based on their strategic intent, compensation philosophy, competitive structure, affordability, brand-image, etc. Researchers sent fictional, equally-qualified resumes to different restaurants in Philadelphia. The only important difference between the resumes they sent out was if the name at the top was a woman's or a man's. They found that snootier, higher-paying restaurants preferred to hire men, while low-paying places (diners and the like) preferred women. In this way, women were steered into a lower-paying job category: that's job segregation. Low pay masters preferred

iv. Supply- Demand Gaps pay up in Pay Gaps

The supply-demand gap in talent pool availability is a reason for this gap. But organizations should give more opportunities to junior level workers so that this gap could be bridged.

v. Differences in Capabilities/Requirements

According to past research, differences in the education, skills, and experiences of white and nonwhite workers along with differences in the industries and types of firms that employ them account for some of this gap. Responsibilities and challenges faced by the top-level leadership and junior level vary and this variation is a cause for pay gaps.

vi. Different Choices

Another avenue to understanding differences in wages across race and ethnicity is to examine the differences in the type of jobs workers hold—what the job requires and what the worker does. Employers who know workers' job skills sort them into different types of jobs; this may account for some of the pay differences between racial and ethnic groups. Racial and ethnic pay gaps may largely be explained by differences in the jobs held by members of different groups. Similarly, women and men often make different choices: in college major, in hours and years worked, and in what jobs to take. These choice factors account for a part of the wage gap.

vii. Pay Gap between Expat Vs Local employees

Firstly, an expatriate should be compensated not only for his transfer, but also be for the effects on his family and the otherwise stable social life they may have. A number of situations that should be taken into account (ex. Nationality, Family situation, floating exchange rates, differences in living cost, taxes and inflation) while considering the transfer.

viii. Feedback Effect

It's likely that women earn less because they work less. But it's also likely that women work less because they earn less. Furthermore, the effect is additive - if a woman makes a sacrifice even once in her career for the couple's best interests (say, giving up a good entry-level job because he's been offered a good job in another state), then that'll lower her pay for the rest of her work life - meaning that the next time such a decision has to be made (and the next, and the next…), her lower salary will seem even more expendable. Economists call this a 'feedback effect', as one lag feeds on the other.

ix. Cumulative Causation

In 1944, inspired by race riots in Detroit, the influential economist Gunner Myrdal published An American Dilemma, which introduced the concept of "cumulative causation" in discrimination. Although Myrdal was discussing race, the same basic insight can be applied to the wage gap between men and women. Losing a single job offer or promotion probably by the female-spouse won't make a big difference in the short run; but dozens of such small losses over the course of women's careers eventually add up to a big pay gap. At the

start of their careers, women lawyers earned 93% of their male counterparts; but after fifteen years, the women were only earning 61% of what the men made. Even after accounting for hours worked, motherhood, education, and many more factors, women were still being paid only 82% of what similar men took home.

3. **Consequences of Pay Difference**

Pay gap has many negative effects. It is unjustified. It has many deleterious effects. Some of these are presented below.

Reduced Commitment: Wage gap reduces the engagement level of workers and creates a feeling of alienation. . Blaming the supply-demand gap in talent pool availability as a reason for pay gap, is no good. It could lead to militant unionization and workers unrest.

High Attrition or job-quitting/hopping/: A direct result of the salary gap between Indian companies and MNCs is the significantly higher attrition rates being faced by the former. According to a Hewitt Associates survey conducted in 2004, the average annual attrition for MNCs is between 8-15%, while that of Indian companies is significantly higher at 15-25%. These high attrition rates not only mean high replacement and training costs for Indian companies, but also delay projects or assignments due to the loss of critical resources.

Soldiering and Performance Lags: Companies that are not able to retain people due to a lower package can face challenges in terms of loss of revenue, customer dissatisfaction and operational costs. There may be wanton 'go slow' or 'soldiering' behavior on the part of employees.

Public unrest and legal curbs: Pay gap based on gender, race, job classes, etc lead to inviting public/social group attention against this kind of unjustness. Naturally, the affected labour group may go for protests, inviting public and political interventions. The gender discrimination and racial discrimination are now being legally done away with through legislation.

G. COMPENSATION STRUCTURE IN MNCS

With many organizations turning global and having operations in multiple countries and cultures, the challenges to compensation becomes a dimension of far more complex than if they were dealing with one country alone. To

complicate matters more, the transfer of employees from one location to another can lead to even more challenges in what and how much to compensate. Infosys (an Indian software giant) has more than 91,000 people from 70 nationalities spread across 26 countries. The challenge is really great.

1. **Types of MNC Pay structure**

Pay Locally is to pay the expatriate the local salary of the place where they are posted. This would allow for more meaningful comparison of pay and would lead to an easier implementation of the "equal pay for equal work" principle. This could be compared to the host country policy. This policy would compensate expatriates for assigned country and is fairly straight-forward but suffers from the drawbacks for having significant additional international payments and that the policy is relatively new but is getting increasingly popular. However, this approach can lead to a disincentive, especially for an expatriate from a high earning power country to a low earning power country. This may cause low willingness on the part of employees to undertake an overseas assignment. Pay Locally

Pay Globally is to pay all professionals in a common defined standard across the globe. Though this would seem to be an ideal approach, it can indeed become very difficult to manage. The complexities that could arise from multiple currencies, different notions of reward and compensation, paying by status, etc need to be addressed.

Pay as per base location approach binds the employee with a 'base location' and the compensation would be as per the location with any additional compensation for international assignments. This can easily be identified with the home country policy that organizations have and is considered to be the most common approach.

Global workforce as an alternative: The idea is to have a small committed global workforce which is readily mobile and can work across a situation. Once they have finished the work, they can transition it to the locals. This approach effectively allows for local pay and the separation of a global workforce which can be paid differently. Create a segment of your workforce—we call this segment 'global talent'—composed of people who work for extended periods of

time outside the home country, and whose next assignment is also likely to be outside the home country. Successful members of a global talent team are often people who are flexible and adaptable and have an ability to learn new languages. They actually prefer working overseas, and don't need to be 'bribed' with hefty compensation packages, or assurances that this move is important for their further career advancement back in their home country'. But the firm loses its global stature.

2. **Factors influencing MNC Pay Structure**

A certain set of factors that need consideration in deciding the structure of MNC pay structure is given in the table. The **'Host country factors'** interact with **'Relationship between Parent and Subsidiary factors',** and a balance of considerations emerge.

Factors influencing MNC Pay Structure

Host Country Operating Conditions		Relationship between MNC Parent-Subsidiary
1. Institutional/Regulatory Framework	Localized Compensation?	5. Dependence on Parent for Resources
2. Trade Unionism	OR	6. Dependence on local resources including Key Employee groups
	Globalized Compensation?	
3. Labour Market		7. Level of Integration
4. Cultural distance		8. HR and Compensation Philosophy

Host country factors like Government legislations and other pressure factors like trade association, professional and community bodies can affect the subsidiary HR and Compensation practices.

i. Institutional/Regulatory Framework: The subsidiary may be compelled to follow local practices through the coercive isomorphic pulls exerted by the Government (e.g. employment laws and wage guidelines) or face pressures to imitate and adopt 'appropriate' practices championed by professional organizations. The localization of compensation strategy for (a) non-executive and (b) executive/manager is influenced by the degree of institutional pressures experienced by subsidiaries. In India this kind of pressure is no great and that Indian subsidiaries of MNCs *pay more salary to executives and non-executives*

in India than in other geographies. MNCs are more likely to transfer their compensation strategy if they do not feel the pressure from local institutions and regulators to conform to local practices. This has important implications for policy makers at the national level. Countries that wish to promote the introduction of innovative management practices should put in place a relatively permissive institutional and regulatory environment so that MNCs will be encouraged to transfer their corporate practices to their subsidiaries based in their country. ONE major impact of globalization on labour use and the labour market that has serious implications for a country like India is rarely, if ever, discussed. This relates to the distorting impact of MNC salaries on the wage structure for the country as a w hole. With the entry of the multinationals, the pay structure for the higher levels of management has been catapulted to a very high level. Although not on a par with salaries for the same jobs in the rich countries, these are now high enough to make the ablest of the skilled workforce to gravitate towards them in the poor countries. This is forcing non-MNC companies, in their turn, to raise the salaries of their own management staff to MNC levels, realizing that not to do so in this age of globalization n would mean losing them to MNCs.

ii. Presence and Power of Trade Unionism: The pre-existing industrial relations structure and practices in the host country may be in conflict with MNC's corporate policies and practices. This in turn will limit the transferability of headquarters practices to their subsidiary. *The localization of compensation strategy is greater for subsidiaries with local union representation*

iii. Labour market conditions: The labour market condition often affects the firm's bargaining power and ability to differentiate their practices. When, the subsidiaries set up their operations in the foreign country, they have no choice but to hire from the local labour market. MNCs may find it hard to import their pay practices to the host country especially when their practices deviate from the local norms. In such instances, MNCs may choose to adhere to local practices in order to compete effectively in the local market. *The globalization of compensation strategy is negatively related to tightness of the labour market condition as perceived by the subsidiary. MNCs feel* the labour market in host country is bit tighter than expected, especially in certain less globalized economies.

iv. Cultural distance: Cultural differences affect MNCs' ability to transfer the management practices to their foreign subsidiaries. In situations where the values and norms of the host country culture differ significantly, MNCs tend to allow their subsidiaries to develop compensation practices that are responsive to the local interest rather than importing the headquarters' practices. In the Middle-east the cultural sensitivities are much and MNCs there go with local culture. Paid holidays for all employees is a must in the Middle-east. *The globalization of compensation strategy is negatively related to the cultural distance between the parent country and the host country.* The cultural distance between the parent and host country is becoming lower and lower. So a global compensation structure is common. It is easier for MNCs to globalize their compensation strategy in countries where cultural values is similar to the MNC's home country.

v. Dependence on parent's resources: Resource dependence by the MNC subsidiary on the parent MNC will influence the subsidiary's practices. This leads to the prediction that the more dependent the subsidiary is on the parent for resources (e.g. capital, technical or managerial know-how), the more globally integrated its compensation strategies will be. *The globalization of compensation strategy for is positively related to the subsidiary's dependence on the parent's resources.* To facilitate the transference of pay systems to the subsidiary, MNCs can adopt the strategy of increasing the subsidiaries' dependence on the headquarters through the contribution critical resources such as managerial and technical expertise.

vi. Dependence on local resources for Critical Employee Group: A particular group of employees in the subsidiaries may have specialized skills or knowledge that is critical to the functioning of the MNC. MNC reliance upon its subsidiary will lead to greater control over this employee group that supplies the essential resources. Standardizing practices such as compensation, appraisal and training is one way where MNCs can better facilitate the control process. *The compensation strategy of critical employee group is more globalized than the non-core groups'.*

vii. Level of integration: If the level of integration of the MNC parent and its subsidiaries is great, either due to a natural group culture or a forced uniformity

across the whole spectrum, *the globalization of compensation strategy is also there as a corollary.*

viii. Top management HR and Compensation Philosophy: A more globalized compensation pattern may be followed when the MNC feels that its way of managing its employees gives the firm an advantage over its competitors. As such, if management views that the compensation strategy developed by the headquarters as both possible and advantageous in meeting the organization objectives in its subsidiary, the company will adopt a globalized approach The globalization of compensation strategy is greater if the management views that the compensation strategy developed by headquarters is both possible and advantageous in meeting the organization objectives in its subsidiary.

3. Features of Globalized Compensation Structure in MNCs

Flexibility, performance and skills orientation: The transference of parent's practices to subsidiaries and the implementation of pay strategies that emphasize **flexibility, performance and skills orientation** are the general order in most MNCs. There is a wide spread use of the western-style compensation, irrespective of parent firm nationality, like gain sharing and profit sharing, sweat equity, stock options, 'golden handcuffs', golden handshakes, etc. But as to minimum pay, MNCs yield to force of the entrenched local work norms when designing their pay system. Although there is consensus among the organizations that performance-based pay be followed, there is only moderate pay differentiation between high and low performers and the provision of guaranteed bonus. **Performance related pay (PRP)** that considers **not only results or outputs but also actual behavior** on the job is followed by MNCs. The idea behind **skill based pay** is generally to retain people with skills that are considered niche or are difficult to get. If skills get paid then there is a possibility that the expatriate professional or manager may gain a lot or lose out as his skills may get overvalued or undervalued as a result of their international assignment.

Most organizations in the current day follow a system of pay increases **based on regular performance appraisals.** The challenge with international expatriate situation would arise in terms of what to compare and the **qualitative element in judging performance**. Another issue would be how to compare the

already qualitative performance and match it with the quantitative rewards which by themselves also do have a big qualitative interpretation.

'Glocalization': Companies may appear fairly ad hoc in the way they manage compensation, but most policies were laid out, and while they were governed by global principles, global companies will customize principles that were unique to the market The choice as to whether to have a globalized or localized or a mixed version of **'glocal'** compensation strategy and structure for the MNC is a difficult exercise. The host country characteristics and headquarter-subsidiary relationship factors also influence the design of compensation strategy in the foreign subsidiaries.

Cafeteria or Flexible Benefit Scheme: This is indeed the most common way of rewarding skilled knowledge workers or senior managers. However the problems that may arise here is to what are the choices and their differences in the international context. Also as to what the expatriate would perceive to better or worse off with the change of choices given to them.

Pay Comparison: Pay comparison can be analyzed in multiple dimensions. Firstly, an expatriate should not be compensated only for his transfer, but should also be compensated for the effects on his family and the otherwise stable social life they may have. Secondly, if and when the above results in a successful expatriation, the local management team *may* not take kindly of it if it finds out that the compensation of the expat is unreasonably higher than the expectations of the work being performed.

Financial Impact: From the viewpoint of the company, the decision as to what to pay (allowances?) and how much to pay is a crucial decision to make as it tends to have a direct **financial impact**. An expat from East, say India to the West, Say USA is always beneficial to the US based concern financially, everything remaining same. Say a Professional who earned say about INR 45,000 per month (about USD 1000) is moved to the USA on a salary USD 3,000 per month (about INR 1,35,000). By contrast, a similar manager recruited from the USA would be earning at least USD 5,000 (about INR 2,25,000). The advantage to the company is manifold: 40% cost saving; To the employee the advantage are manifold: More money – Generally the buying power of developed countries are higher and thus the employee can lead a comfortable life

and even then save some money; International Opportunity – The employee gets an international opportunity often perceived to be a reward of the skills and experience; Development Opportunity – The exposure helps employee learn more from an international setting; Status – An increased status as being employed in the developed country and having the trust and confidence of being sent to a foreign location.

Facilitating Movement: MNC pay structure must facilitate mobility of human resources. This can be seen in terms of moving employees across locations (countries) or even transferring back the employee to the parent country. There is often a time gap (which can be sometimes in years) and then if the employee needs to be accommodated back to the parent location, it can be a challenging task in terms of finding suitable position for the employee.

Standardization / Implementation Challenges

With corporations getting bigger and bigger and having multiple locations, the problem to managing payroll in its historic terms itself is getting difficult. To compound this issue with that of managing expatriate payroll processing possess many implementation challenges. How is the expat transfer standardized, what (if any processes) are there, how and where is the payroll managed (the host country, the work country, or some other location) are some of the variety of questions that need consideration.

The challenges can be in terms of: Currency conversions, Transfer rules and policies and their exceptions, whether to pay some at home and rest at work place or to pay all at workplace and how to manage the payroll and benefits program. Even though there are some software available (SAP / PeopleSoft) or the payroll is outsourced to some specialized companies.

Motivational content: MNC pay structure must have a motivational content. Motivation is different for different people and thus arises the complexity of what and how much to pay in what means and what benefits it brings to the organization and the international expatriate. Here to a 'cafeteria' concept is good to follow. Protection against exchange risks is most wanted by expats.

Adaptation: What an organization should ideally do is to read into the situation and adopt the best method suitable at that time and remain adapting all the time.

This is easy for smaller organizations which can be very flexible in terms of policies and procedures, but when an organization becomes big and bureaucratic, the flexibility is easily lost and they must think in terms of procedures and policies which would be best suited to them.

REVIEW QUESTIONS:-

1. Explain the Process of Global HR compensation.
2. Explain the factors and steps in designing Global HR compensation.
3. Present the components of Direct and indirect compensation.
4. Examine the factors and trend in Global compensation package
5. What is International compensation? What are its components?
6. Explain the cases of international compensation in US, UK, India, etc.
7. Discuss the factors impacting international compensation.
8. What is Pay for performance or P4P? Present the need for it.
9. Explain the issues in P4P and also an evaluation of the same.
10. Explain the core elements of Executive incentive pay
11. Discuss the trend in Executive compensation.
12. How the galloping rise in Executive compensation can be controlled? Quote the measures taken in select countries.
13. What are the types of Pay differences? explain causes and consequences.
14. Give an account of Compensation structure in MNCs
15. Explain the factors and features of MNC compensation structure.

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UNIT V
GLOBAL HR TRAINING AND DEVELOPMENT

Syllabus Covered: Global HR Training and Development Practice- Relevance of Training and Development- Areas of Training- Types – Standard Vs Tailor Made Training – Cultural Assimilation- Other Approaches- Impact of Different Learning Styles on Training and Development- Leadership Training.
The Objectives of the lesson are to provide: i. Overview of Training and Development ii. Global HR Training and Development (T&D) Practices iii. Relevance of Training and Development iv. Areas and Types of Training v. Standard Vs Tailor Made Training vi. Cultural Assimilation as the effect of T&D vii. Cultural diversity as effect of T&D viii. Impact of Different Learning Styles on Training and Development ix. Leadership Training

Human Resources Training and Development (T&D) is also known as human resource development, Human Resources learning and development (L&D) and so on. Before that, a question is asked. Are humans 'resources'? Some may be offended if the term 'resources' is used. But this is the perfect term, because only 'humans' are capable of being 'resourced' again and again, with new training and development as they are capable of unlearning, learning and relearning. But physical resources can be sourced only limited number of times or periods. Many businesses have in-house training divisions to continually educate, train and develop the humans so that they can be 'resourced'.

Overview of Training and Development

The task of **Training** team, in the case of **Toyota** is that **'it matches organizational needs to the individual's abilities'** by developing and delivering training solutions in order to **continuously contribute to our employee development.** The Tata Management Training Centre (TMTC) in Pune in keeping with the vision of the **Tata Group,** offers training solutions and

services in a knowledge world **focusing on leadership development within the Tata group in particular and the Indian industry** in general.

Continuous 'coaching, education, training and development' of humans have become a necessity to ensure that humans are 'resource' and not merely 'source'. **Coaching** focuses practicing again and again a particular task and in the process enhancing the learners' grip over the task modules, techniques and tactical strategies. **Education** focuses upon imparting basic knowledge necessary for the jobs that an individual may potentially hold in the future, and the learner is evaluated against those jobs. **Training** imparts practical hands-on expertise to the learners and skill based for competitively carrying out current job held and potential jobs to which the learner may be posted with. **Development** focuses upon building newer capabilities and niche skills for diverse situations so that the individual is transformed into a superior person not only in talents, but also in attitude, behavior, character, dexterity, empathy, futuristic, granularity, honesty, and so on. Employees need to be coached, educated, trained and developed so that their learning to: **'Analyze, Estimate, Invent, Persuade, Defend, Translate, Simplify, Critique, Evaluate, Generalize, Justify, Revise, Predict, Solve and Organize'** is enhanced. Coaching, Education, Training - Development (**'CET-D'**) are thus needed.

Training and corporate mission inter-linked. Bob Kirkpatrick, CoreTech's Chief People Officer, estimates that the company spends approximately $4,500 per employee each year on training. It's ultimately money well spent. Employees can use CoreTech's training to become officially certified as, say, a Project Manager or a Microsoft Certified Systems Engineer. Every employee is required to attend, primarily on company time, technical and "soft skills" training courses that are linked to the company's overall mission. For instance, a course in Project Management is tied directly to the company's quality goals.

Have a Look at what global Techno Genius Sony's Training Programs

Sony organizes various training programs for employees of all levels, from new graduates to senior executives, suitable to each region and business. In Japan, the Sony Group offers **more than 300 training programs**, such as technological training and business training that use various approaches, including group training sessions, e-learning and correspondence courses, depending on objectives. These **training programs are supported by around 200 Sony**

employees with frontline technological expertise who develop curricula and textbooks in each fields. The employees work as instructors to teach engineers about technologies directly related to their specialist fields. In fiscal year 2008, approximately **13,000 employees took part** in **technological training** programs. Sony is also enhancing these training programs by inviting **outside experts** in various fields to impart knowledge about cutting- edge technology.

In the area of **business training**, in fiscal year 2008 Sony revamped its training programs with the aim of providing multi-level, job-specific training that helps participants to acquire basic skills, in a systematic effort to foster human resources with the skills to drive future growth. In particular, these programs aim to provide an opportunity for young and middle-tier employees to acquire practical skills and knowledge.

In addition to **classroom-based training programs** such as these, Sony Group companies in Japan place a high priority on **on-the-job training**, or the acquisition of knowledge and skills while working. As an example, Sony Corporation assigns an **experienced young employee in the same workplace to tutor a new recruit** for his or her first year on the job, providing instruction in basic workplace routine and work attitudes, as well as to offer advice on how to address specific tasks. This initiative also adds to the experience and contributes to the growth of young employees who serve as tutors.

A. GLOBAL HR TRAINING AND DEVELOPMENT (T&D) PRACTICE

.Global T&D Practice must focus on, besides the above four aspects namely, **'coaching, education, training and development', and also on cultural sensitivity, linguistic diversity, political peculiarity, ethnic-pride enormity, capability variety, personnel vanity, organizational oddity**, etc. Global spending on training and development has reached in excess of €110 to 130 billion. Increasingly, managers and leaders realize that the key to business growth and success is through developing the skills and knowledge of the employees, including managers.

A.1 Imperatives of Global HR Training & Development

The imperatives of training & development are not difficult to appreciate. Trained head, heart and hand are better than untrained ones. Training leads to development and also exclusives programs of development are also possible.

i. Training and Development are absolute Needs: More and more corporations are realizing the necessity to clearly train and develop their personnel to achieve the firm's strategies and goals. Increasingly, management recognizes that training offers a way of developing skills, enhancing productivity and quality of work, and building worker loyalty to the firm, and most importantly, increasing individual and organizational performance to achieve business results. Companies that fall short and neglect their coaching, education, training and development needs are leaving themselves open for costly problems for their groups' overall objectives and company profits. Training and development managers and specialists conduct and supervise training and development programs for employees. Training is widely accepted as an employee benefit and a method of improving employee morale, and enhancing employee skills has become a business imperative. Complexity of the work environment especially for global firms, Rapidity of pace of organizational and technological changes, Emergence of new knowledge jobs, Accelerated product/process/technology obsolescence and the like require new skills constantly infused and inducted.

ii. Benchmarked best practices in Training and Development initiatives: Companies are now thinking of training as a strategic imperative. Benchmarks are established for training now-a-days. The results of T&D are measured in cost, benefit and Return on investment formats. Here in are established benchmarks. Professional trainers guarantee an ROI, sometimes higher than the ROI on most assets of the firms. This is possible because of the prevailing professionalism in corporate T&D activities. Skill inventory is taken first, Skill requirement is assessed next and the Skill gap found out then. A T&D program is custom designed and professionally delivered. Within a short period, the results could be measured precisely. There is competition amongst the T&D professional firms and they cannot remain wanting in their ability. Hence benchmarks work up.

iii. Upto date knowledge and thorough understanding thro' Training and Development: Trainers respond to corporate and worker service requests. They consult with onsite supervisors regarding available performance improvement services and conduct orientation sessions and arrange on-the-job training for new employees. For the current employees job skill improvement training is provided and possibly they are prepared for jobs requiring greater skills. Trainers help supervisors improve their interpersonal skills in order to deal effectively with employees. Leadership or executive development programs are designed to develop leaders, or "groom" them, to replace those leaving the organization and as part of a succession plan. Developing a workforce of continuous learners who enhance knowledge /skills/attitude through state of art learning and promote an environment where employees assume more responsibility for training and self-study are emphasized much now-a-days.

iv. Top notch skill in corporate Training and Development: Corporate sector s dynamic and competition is hot and customer need satisfaction is the only way to remain in the business. The T&D division has to conduct training **needs analysis, anticipate issues and needs,** provide counsel, and work with stakeholders in developing training solutions to **build associates' competencies and meet business needs.** Supporting the development and implementation of initiatives and programs to build the desired organizational culture and achieve organization's vision is another important factor requiring lot of soft/life skill capability. Trainers have to keep abreast of the industry best practices and new developments in the area of training and development, evaluate and apply new programs, solutions and tools in the organization as appropriate. Continuous Improvements and establishing smart partnership with training professional are a great need.

v. Leadership Development, the thrust of Training and Development: The thrust of T&D in MNCs is to develop leadership at every level. Infosys has just groomed in late 2009, 450 capable leaders who will take positions as and when slots become ready in the next 12 months. Out of these 50 personnel are for higher slots, 150 for upper- middle assignments and remaining 250 are for lower-middle assignments. They are trained accordingly. This kind of leadership preparedness well ahead of need is the hall mark of MNC firms.

A.2 Training and Development Methods

Depending on the size, goals, and nature of the organization and the training needs, trainers may differ considerably in their responsibilities and in the methods they use. Training methods include on-the-job training; operating schools that duplicate shop conditions for trainees prior to putting them on the shop floor; apprenticeship training; classroom training; and electronic learning, which may involve interactive Internet-based training, multimedia programs, distance learning, satellite training, other computer-aided instructional technologies, videos, simulators, conferences, and workshops.

i. In-house training division > Vestibule Training School > Staff College > Company University: There is a trend that the Organization establishes a training centre of its own. It used to be a T&D division within the institution. This transformed into a vestibule training school later. Then it became Staff College especially in service (banking, Insurance, Education and Medical fields). Now Company Universities are there which develop programs, courses, modules and methods needed for meeting the T&D needs of the specific industry or related industries. Perhaps, the colleges and universities could not meet the industry requirements.

An increasing number of growing businesses are starting their own "universities"--ongoing skill-enhancement programs that draw on both internal and external resources to train new employees and keep veteran ones current with a rapidly changing business environment. "Training isn't just a nice thing to do anymore," says Laurie Bassi, Vice-President of Research, American Society for Training and Development, Alexandria, Va.

a. **CoreTech University:** The **CEO of 'CoreTech Consulting Group Inc.'**, in King of Prussia, Pa., says that his technology-consulting company uses training as a key recruitment lure. We needed a robust training and education facility to be competitive. So two years ago we started **'CoreTech University'**, which offers short training sessions to help employees hone both technical and interpersonal skills, such as quality management and team building. The program, which draws upon employee instructors as well as professors at Pennsylvania State University and Drexel University, is now not so much a differentiator for

the company as it is a requirement, says Beaumont. We're finding that compensation is less of an issue for employees and that growth and career development are more important', Most consulting firms have something like this in place'.

b. **Unitel University: Douglas Palley of Unitel,** a call-centre company in McLean, Va, started **'Unitel University'** two years ago and average monthly employee-attrition has dropped from 12% to 6%--a dramatic change for a company staffed primarily by low-wage employees. Unemployment in that area is just 1.5%, and 'looking for ways to improve retention and morale, and to give people a career track', are much important. As part of Unitel U., entry-level employees can take such courses as computer training and customer service through a variety of self-directed study programs at 'Unitel U'. Criteria for passing are rigorous. The program isn't mandatory, but employees know that training is the quickest path to increased pay and responsibility.

c. **Sony University:** Sony University, established in 2000, offers a variety of programs to help develop future leaders of the Sony Group. The Sony University look for out and nurtures future generations of business leaders as an integral part of the Sony Group's business strategy. The University follows the "Learning Organization" concept for the entire Sony Group, actuates a higher, global perspective within the Sony Group and acts as a training ground to achieve higher knowledge and a place for academic and pragmatic strategic research. The Sony University activates the whole of organizational force of the Sony Group by proposing continuously 'Innovation Engine' concept as the key for Sony to remain a Leading Company and providing a place for mutual advancement. In January 2008, Sony held the Sony United Leadership Program, making use of friendly competition and the exchanging of opinions to build a more unified group. Twenty-five potential leaders from a range of business units in Japan and overseas took part in the program. Sony also launched a new development program for future Sony Group leaders in Japan, the overall aim of which was to encourage a deeper understanding of corporate management through mutual learning.

d. **Microsoft University, Bangalore:** Microsoft University in Bangalore, the Silicon valley of India, is to impart computer education. Though Microsoft does fund education and research projects in many universities across the world, this Bangalore based university will be wholly owned

by the software giant and it's first-ever independent educational venture in the world. Microsoft has software development centers both in Bangalore and Hyderabad. Maybe the Microsoft University campus in India may be another step in the same direction - train students as per requirements and then absorb the best of the lot.

e. **Toyota University, USA:** There's a university for those who need to learn to work on Toyota cars and trucks of all vintages. Established in 1999, the University of Toyota offers more than 400 courses to 8,500 employees in the United States. It is a virtual university and you won't find it on any map. It consists of an electronic learning curriculum.

A. 3. Responsibilities of the Global HR T&D Division

The responsibilities of T&D division are diverse as presented below. The responsibilities are becoming more deeper and wider and significant from cost-revenue points of view as well.

i	Engage stakeholders on all training and development needs to support organizational capability building
ii	Manage a full spectrum of training and development functions in the organization to achieve corporate and regulatory compliance, organizational performance and business objectives.
iii	Conduct training needs analysis, anticipate issues and needs, provide counsel, and work with stakeholders in developing training solutions to build associates' competencies and meet business needs.
iv	Develop and implement training plan, coordinate pre and post training activities, conduct training and evaluate training effectiveness.
v	Administer ad-hoc training requisitions.
vi	Coordinate start-up training programs and activities, and ensure smooth transfer of knowledge.
vii	Develop and manage a Technical Skills Certification process for associates in Operations, Maintenance and Quality Assessment department.
viii	Collaborate with Universities, internal/external trainers and subject matter experts to develop and implement effective training and development programs using adult learning and instructional design principles.

ix	Ensure use of cost effective methodologies and technologies for the development and delivery of training programs.
x	Manage training database, and maintain training documentation and records to meet corporate and regulatory requirements.
xi	Coordinate New Employee On-boarding and Induction Program for new associates.
xii	Conduct New Employee Orientation Program.
xiii	Develop and implement training roadmap for associates in accordance to applicable functional, corporate and regulatory requirements.
xiv	Engage government agencies for training grant applications and claims.
xv	Vendor evaluation and selection, contract negotiation and vendor relationship management.
xvi	Leverage internal/external training networks on best practices.
xvii	Keep abreast of the industry best practices and new developments in the area of training and development, evaluate and apply new programs, solutions and tools in the organization as appropriate.
xviii	Support the development and implementation of initiatives and programs to build the desired organizational culture and achieve organization's vision
xix	Administer employee development programs, leadership development programs, internship, education assistance, etc.
xx	Support employee engagement initiatives.
xxi	Coordinate Employee Insights Survey, and support post-survey activities such as focus groups, action plans development and implementation.
xxii	Manage and maintain Job Descriptions (JD), and coordinate periodic JD review with functional managers.
xxiii	Support talent acquisition activities to accomplish resource plan of the firm
xxix	Identify and deploy appropriate assessment tools and tests to support interview and selection process of various job positions.
xxv	Support SAP HR module.
xxvi	Generate and analyze HR reports as required.
xxvii	Support the development, implementation and accomplishment of department objectives and key performance metrics.
xxviii	Develop and implement policies, procedures and guidelines in designated areas of responsibilities.

xxix	Lead process and business process improvements and make recommendations for change.
xxx	Brings internal and external best practices into improvement efforts.

B. RELEVANCE OF TRAINING AND DEVELOPMENT

Training and Development go together. If you are trained, you are developed. You can develop others too, besides yourself. T&D are needed to meet changes and challenges. The rate of change in the world, good and bad, is so much .that coping with changes has become a tough task.

Alvin Toffler has observed in his celebrated book, 'Future Shocks' that a shattering stress and 'disorientation are being induced' on people by subjecting them to 'too much change in too short a time'. It is said that the human knowledge has doubled between 1750 and 1900. Again it doubled in the next 50 years. Further, it doubled in the next 14 years, by 1964. This, rapidity of change has become a dramatic challenge to training. It follows from the above that it is the change that needs T & D and 'the rapid rate of change has made T&D a challenging task too'.

B.1 Importance of T&D

Training and Development have the same important part to play as it has in the fighting services or /in sport. Sending untrained troops into battle or untrained boxers into the ring would be regarded as foolish. In the sphere of industry also it would be regarded as equally foolish to entrust untrained operators to untrained managers.

i. T&D are the corner stone of People Administration: Training is the corner stone, of sound people administration in businesses. 'Employees must be systematically and scientifically - trained, if they are to do their jobs well. Systematic training is essential if they are to reach a satisfactory level of job performance. A trained employee feels that he **is** the master of the job rather that the job being the master of him. He has self-confidence and self-competence. He requires less effort. He is proud of himself he has increased earning power and has a feeling of security. He is ready for the next step upward. Obviously such man has higher morale than the man who has a continuous struggle, with his job.

ii. To change and to cope with changes T&D are needed: Jobs change and employees change job; therefore they are to be trained and retrained for their new assignments. Training is also necessary; for those already employed. The rapid technological changes involving new plants and machinery and new processes and new products tend to render the old skills obsolete and create demands for retraining. Fundamentally the necessity of training cannot be overemphasized under the present technological structure of business enterprises. Day by day science and technology are growing at a rapid speed. Most of the jobs in modern private industry and public service require special training of some sort. Jobs cannot be efficiently and effectively performed without such special training. Although the education provided in most of the Indian schools, colleges and universities establishes a sound foundation, yet it does not develop the special knowledge and skills required in most jobs.

iii. To develop a pool of operating skill and experience: The heavy industries, their ancillaries, the engineering and chemical industries all are, in many instances, new to this country and there is hardly any pool of skill and experience, which can be readily tapped to man them. Rising occupational mobility resulting from the enlargement of employment opportunities in the country has also contributed to the need for training and retraining at different stages. When a person changes his job, he is often in need of re-orientation to adapt his skill to the new circumstances the new organization, its environment arid managerial setup.

iv. To develop supervisory and managerial talent pool: No less acute are the training needs of industry at the supervisory and managerial levels. The large number of workers who are climbing up the organization hierarchy as foremen and supervisors need all types of supervisory training like Job Instruction Training, Job Safety Training. Job Methods Training, Job Relations Training and similar ones. Training is needed for executives also. They need training on general and special managerial fields. To develop a second line of managers training is needed for junior level executives and senior supervisory personnel.

v. To solve problems: Besides, training is widely regarded as the most promising attack on many problems that arise in employment. It is bound to increase the productive efficiency of the workmen, supervisory skills of foremen and decision making skill of managers. Further, it reduces disciplinary problems,

tardiness, avoidable absence and other undesirable practices on the part of the employees; It is an, essential part of all training programs to control accidents and improve health. Not only that if the training programs have been well chalked out they may provide the employees' with a broad general knowledge on social, economic and political life, thus aiding them in becoming citizens or in participating more effectively in nation building activities. Tangible results of a sound training program may include 'less spoiled work, less damage to materials and equipment and improvement in equality and quantify of output'. Above all goodwill, is generated as in the final analysis, training program is a reflection of management attitudes. Importance of T & D can be best appreciated if one-considers its ability to solve problems. Training can help solving many organizational problems.

vi. To render improvements

i. Increase productivity	An organization would be adjudged as serving the cause of its formation only if it renders valuable service; to the society. This can be effectively done by optimum utilization of factors of production. Optimum productivity can be achieved through T & D.
ii. Improve the quality of work	The foregoing point stressed the quantitative aspect of work. Quality of work is equally important and T & D help in achieving this.
iii. Develop new knowledge, skills and behavior	Quantity and quality of work would be optimum only when the personnel are efficient, capable and are highly motivated. T& D can help in achieving this vital need.
iv. Use of correct tools, machines, process, method, etc.	'Optimum operation-maximum quality production at minimum cost, is achievable provided the personnel are trained to use the right tools, machines etc. Through proper practical and application oriented T & D this can be achieved.
vi. Reduce wastages of all sorts	Wastages include not only materials lost but equally the human effort wasted. In fact human energy is not storable and that absenteeism, late coming, etc. are a kind of wastage. T&D can reduce all sorts of wastage.
vi. Adopt new policies,	Organizations continue to grow and in the. course policies change, regulations need to be changed. To implement the

regulation, etc.	new or changed policies, etc. T&D is needed. T&D would, in this respect reduce resistance to change, prepare personnel to willingly accept change and all that. The transition is thus made smooth and tension free.
vii. Fight personnel obsolescence:	Obsolescence is a special waste. Obsolescence makes one useless. To fight obsolescence in skills, knowledge, methods, processes, etc. T & D is the only medicine.
viii. Achieve standards of performance	An organization would be successful only if it is able to achieve standards of performances in all aspects. T&D makes it possible.
ix. Develop people to higher levels of advancements	Peter Drucker rightly observed that, 'an institution that cannot produce its own managers' will die. Managerial personnel must be developed from within by preparing people for advancement. This helps in ensuring continuity of leadership. T&D help in developing people.
x. Ensure survival and growth	The main objective of any organization is first survival and then growth. The cumulative effects of T & D in the foregoing different lines contribute to survival and growth of the organization.

B.2. Relevance of T&D

Many revolutions continually hit the world and businesses. To cope with T&D are needed. Here are given some of the revolutions that make T&D a must for businesses.

i. Technology Revolution	Technology is fast changing, and it needs no proof. With every change in technology, there arises the need for preparing 'ourselves to acquire the new technical know-how, lest we would become 'out of place'. Technological obsolescence is very much a retarding factor to development. To get over this T & D are needed.
ii. Inter-dependence Revolution	There is a growing degree of inter-dependence between nations, regions, individuals and institutions. The inter-dependence is both an opportunity and challenge to the participants. T & D help in reaping the best and the maximum by making both ends compatibly skilled

iii. Automation revolution	Increasing use of automatic appliances, computers, other information processors, etc. is the: order of the day. No organization can afford to ignore this development. T& D is needed to move with the time.
iv. Environmental-revolution responsibilities of industrial organizations.	There is a growing concern for .environment, ecological balance, pollution control and the like. The carbon deposit management, global climatic challenge management and emission management need new approach to development, new attitude to life and so on. T&D is vital to meet these new social
v. Structural revolution.	Structural revolution in the economy is taking .place. Transition from primary production, to secondary production to service economy is aspired and steps towards this aspiration are undertaken in almost all countries of the world. The process of change is facilitated by T &D of the human resources
vi. Work-time and work-style Revolution	The past few decades had seen the drastic cut in total work-time of the people. Decreased hours of work and increased holidays and leave with pay had resulted in more leisure time. This has facilitated many people to pursuing two or three careers at a time. Also, the style of work-life has changed. With virtual offices and flexi-time schedule, style of work has changed. Consequently the T & D needs also get multiplied.
vii. Economic revolution	Economic and industrial revolutions have been constantly taking place. There is liberalization, privatization and globalization. There is also huge scale mergers and acquisition on global scale. Talents go cross-border. Also happens global meltdowns with certain level of periodicity. To tide over-these increased T& D commitment is needed.
viii. Intervention revolution	Gone are the days of national standards, be it law, product features or service quality. Global intervention in economic and industrial operations is mounting up these days. Every intervention imposes a new format of responsibility. To live with these continuous contours of enhanced responsibilities T & D are vital.
ix. Population	The work force of an organization is becoming mixed one. Representation of minority and less-privileged groups has, been

revolution	made statutory in most cases. It is but a reality that when fair representation is given to different sections, the choice becomes 'forced'. To upgrade personnel selected on non-merit alone consideration added T & D is needed. 'Besides organizations see these days the entry of a 'new generation' employees. The aspirations, attitudes and activities are not very much the same as those of the older employees. The new and older generation employees need T &D to live together, work together towards achieving the organization's objective.
x. Women Empowerment Revolution	Another revolution in this field is the entry of large number of women employees and executives in industrial organizations. Most of them are emancipated too. Special T&D is needed for this section of employees. Most of the employees are better-educated today. And dealing with them is a special task. T & D is needed for both the managers and the educated employees so that there is no misfire.
xi. Global Workforce Revolution	Today work force is global. Firms are becoming more multi-national. Employee nationality has become a mix. Cultural diversities multiply. To ensure cultural sensitivity T&D are needed.
xii. Value revolution	The 21st century has seen a sea-change in the values of people. It is most common, to find people with – diluted values about humanity (see the scales of terrorism), about social life (see the community hates and problems), about family (see the increased rates of divorces) and about nation (see anti-socials sabotaging national security). People are becoming less patient and more easily bored. Apart, some exhibit intellectual talents to challenge the beaten track. Besides, people are very much desirous of being less influenced by others, but want others being influenced by them. Less respect for wisdom, greater confrontation with authorities, stiffer conflict with fellow-persons and persons up and below one, reduced loyalty/for superiors and organization, lack of willingness to sub-ordinate individual interests for collective objective, etc. are very common. Less trust on management and greater desire for increased say in policy and plan formulations are also observed. Motivating employees has become a

	challenging function. With change in attitudes and values, different motivators need to be introduced. Unless there is a system of T&D that understands the changing requirements, organizations would not remain organized but only disorganized and disintegrated. T& D programs have to work to address these ills. Value education is important for people.
xiii. Competitive Revolution.	Unrelenting competition is driving almost every industry. The cornerstone of an organization is based on its ability to compress itself by responding to challenges acting quickly to change for the better. If it were not so, the unit would be delivering disappointing performances. It is 'competition' that makes one speedy not sleepy, modish not fade and smart not withdrawn. Employees need to be competitively spirited
xiv: Quality Revolution	The Quality Revolution, embraced by the Japanese decades, ago, has finally spread to the rest of the world. The thrust now is on continuous improvement in the performance of all processes in an organization and in the quality of the products and services that are the outputs of those processes. Quality is not something that happens by chance or by serendipity. It's the result of deliberate actions. It's the product of careful planning and thoughtful delivery by committed people. To commit the people for the revolution, to prepare the people for the same and to deliver quality for every internal and external customer, 'CET-D' is needed.
xv. Value for money Revolution.	A global 'value-for-money' revolution is afoot. Emerging country multinationals are deploying their inherent cost advantages in creative ways to deliver high technology, variety and customisation at minimal price premiums, and to redirect niche offerings towards volume segments abetted by cost effective innovation. This amounts to the emergence of a new type of generic strategy, 'cost innovation'. This is very great and a threat to entrenched MNCs who cannot find means of being mean on cost or meaningful on cost either. Some of established most ubiquitous and profitable business models of businesses are

	increasingly being challenged by the new breed of emerging market players. Fundamental changes in global market structures are afoot which favour these new business models with thrust on 'value-for-money' revolution
xvi. Information Quality Revolution	Product quality and service quality have been achieved, what is needed is information quality, which is said be in the state of a sleeping giant. If this continues it could dwarf effect of product quality and service quality combined. Information quality in terms of correctness, speed, adaptability, cost of storing-retrieving, etc matter most. Also important is the non-polluting use and disposal of information. Data are inert, Information is dynamic and knowledge is transcendental. Data logistics, Data processing and Data protection, Information design and Information Handling need quality drives so that knowledge can transcend. The organization need to develop people on this line so that the power of information is used to organization enrichment.

C. AREAS OF TRAINING & TYPES OF TRAINING

The areas of T&D include training for preparing the operatives, supervisors and the managers for their respective positions, tasks, responsibilities and changes that may ensue them.

C. 1. Training for Operatives

The employees need training in job and job related factors. The training is called operatives training. The organizational goals, strategies, processes, technologies, functions, activities and tasks determine the type of training to provide for. The training given must be job oriented, job related and job relevant. This is '**job training**'.

Having successfully inducted an employee in the organization, the next requirement for him is 'job training'. The content of job training depends on the nature of the work. The work may be official or clerical, plant or service and professional or technical. Time keeping staff, accounts clerk and similar persons come in the first category, plant worker like turner, lifter, etc. and salesmen come in the second "category, automotive mechanic, carpenter, electrician,

electrician machinist, etc. come in the third category. Though the nature of works of these personnel differs, by far on the job training (OJT) is generally adopted. **Dale Yoder** and **Paul D. Straudohar** have quoted **Mary Green Minor** referring to the prevalence of OJT in industries. Accordingly it was observed that OJT was adopted for office and clerical personnel in 95% of the companies surveyed, 84% in the case of plant and service workers and 80% in the case of professional and technical personnel. Apart off-the-Job training is also adopted. But there is very little to choose between the two and that a combination of both techniques of training would be much better.

(i) On-tbe-Job Training: In the case of on-the-job training the worker is placed in the actual work setting and is provided guidance, direction and supervision while he is carrying out the work. One of the systems of on-the-Job training is called the 'three-position-plan'. In that a worker teaches men below him and learns from men above him and enables him to learn as a supervisor too. He is trained on the-job training by the foreman or the group leader. In general on-the-job training has the advantages of being more realistic since the worker is placed in the actual job and job setting while being trained. Besides, production also goes on while training takes place. The need for fitting class-room learning in actual job situation does not arise. This method is most economical and effective. However, certain shortcomings also need to be counted here. The trainer may be lacking in teaching and communication skills, the work place may not provide the ideal setting for teaching and learning due to busy schedules, interruptions of all sorts and similar causes, the loss on account of scarp and wastage may be excessive since the new workers in the process of learning might cause excessive damage to equipment and other inputs, the output may be reduced and so on.

(ii) **Off-the-job training:** Off-the-job training technique involves imparting training to workers outside the work place. Class-room teaching, group discussion, lectures and other methods of giving training which do not involve the worker in any practical side of the job is called as off-the-job training. This method is adopted to pass on theoretical information relating to jobs. But at the level of workers, practical knowledge and skill are very important and that of the job training is not that good and effective for worker training: The advantages of the OJT are the disadvantages of 'on the job training' (dealt above) and vice-versa.

(iii) **Vestibule Training:** In order to reap the advantages of the on-the-job and off-the-job training techniques without their respective disadvantages, vestibule training is adopted. Here simulated work conditions are created and the trainees are taught there. Learning is the objective and output is not pressed here as against the case in on-the job technique. Besides the climate for maximum learning is ensured unlike the on-the-job technique, wherein, training is imparted in a 'mess' like atmosphere. Further, the 'fitting' part of the trainee with the actual work conditions is not a problem here since the trainees have been trained in a more-or-less similar work conditions as are available in the work plant. But, this technique is costly. Organizations, other than the large ones, 6ould ill-afford this costly vestibule technique.

Other training techniques are **crafts training, apprenticeship programs and retraining**. Now these may be discussed.

(iv) **Crafts training:** Here a worker is prepared not for a single job but for a number of related jobs depending upon the individual's ability and nature of the different jobs. The training needs are more complex and difficult and that generalized knowledge, skills and attitude on the part of the trainee are needed. Such training may be provided within the organization or outside in a vocational school. But normally vocational schools concentrate on developing basic knowledge, skill and attitude while on the job training is added to translate the basic skills, etc. into specific job related skills, attitudes and the like. Since the vocational schools could not create actual working-conditions and job requirements, the Job training is ultimately added.

(v) Apprenticeship programs: Apprenticeship programs combine on-the-job training with technical instruction in practical and theoretical aspects of the work required for a skilled trade. This method of the training is an old system whose beginnings could be traced to the ancient times. Training programs are run by industrial organizations with or without participation by trade unions or by government or by vocational schools. It is a system of training wherein young workers just entering the trade are given theoretical instruction and practical experience, both on and off-the-job in the theoretical and practical fields of the trade. This type of training is generally adopted in brick-laying, carpentry, electrical, mechanical, painting and similar works. The apprentices are paid a

stipend as per agreement. The period of apprenticeship might vary from 6 months to 6 years or so. An apprentice who has satisfactorily completed the apprenticeship but waits to be absorbed in an employment position is called a 'Journeyman'.

(vi) Retraining: Training is continuous process; it does not end with induction nor with adequate job training; nor is it needed for only new employees. As works change and working conditions differ the need for training arises. When workers take up new jobs consequent to career changes ~ upward downward or sideward, the need for training arises, When these remain unchanged, even then, training is needed to refresh the workers' knowledge and skill. Thus there is always need for retraining.

In the case of workers the need for retraining due to technological advancements is felt more than in the case of supervisors or managers. Workers are in large number and they do not foresee technological advance nor do they prepare themselves to suit the changed conditions and requirements. Workers need to be trained in handling new tools and equipment which keep changing at a faster rate now than they did in the earlier years. If there is no facility for retraining, therefore, the Workers would have to face the hazard of skill and knowledge obsolescence. Hence they need retraining.

The retraining requirements are so extensive in certain cases that complete new training to deal with new jobs is needed. Such retraining is occasionally referred to as **'retreading'**. The present day tendency is to 'prepare one-self for, multi occupational careers since the likelihood of sticking on to one particular occupation throughout one's life time is too much to expect. Besides, an individual might pursue different avocations at a time as this is possible with flexi-time work schedule. Hence the need for extensive retraining these days.

Apart from the above referred to job training schemes, workers need other types of training also. These are **technical training, sales training, office systems and procedures training, economic education training, safety training, labour relations training, public relations training** and so on. **Technical training** is a specialized course for technicians-engineers and mechanists.

(a) **Sales training** is a special training for salesmen. There are two methods—training for outside salesmen and training for inside sales persons; **Office systems and procedures** are of paramount importance in the overall efficiency of an organization, since office works control flow of information which is the essence of present day management. Hence office personnel need training in this field.

(b) **Training in general economics** is needed for all persons. Supply, demand, capital, employment, profit, market, economic cycles, economic environment and legislations, etc. arc the broad areas, knowledge of which would be necessary for all concerned.

(c) **Job safety training (JST)** is very much essential for persons working in hazardous and accident-prone sites, especially for factory workers. Reduction of accidents is of utmost importance and towards this end JST is directed at. In certain businesses effective communication with other persons is very much needed. For example in the case of insurance business the communication skills of the agents influence the customs obtained. Hence special training programs in 'read faster and speak clearer' may be conducted.

(d) **Labour Relations training** at the worker level itself must be founded in order that worker grievances, unrest, inter union rivalry, conflict between groups of workers etc can be avoided. Lastly, public relations training is needed for workers also. Workers, customers, dealers, general public may be involved in such training in order that effective public relations are built between the company and the society at large.

C.2. Training for Supervisors

Supervisors are low level managers who, 'lead and direct' employees in work towards the organizations objectives. Supervisors stand in between the employees on the one hand and the top managers on the other hand. They are thus both managers and the managed and that they often feel that they are **'caught in the middle'**. The supervisors' duties and responsibilities are divergent, since he is accountable to higher management as well as to the employees and labour unions. The job of supervisor is such that they could not have a sigh of relief at any time. In most cases, the employees from one side charge the supervisors for poor working conditions, facilities, pay, etc. and the top management from the other side accuse them for labour turnover, absenteeism, unrest and poor production. Thus to work as a supervisor one needs

many skills, leadership, technical and human relation skills are the various requisites. He must be a knowledgeable person in company policies, practices, programs and plans, and also in work and methods of work, quality control, shop maintenance, industrial relations and all that. To sum the work of a supervisor is pretty complex.

To have a better understanding of the nature of his tasks and responsibilities. A Supervosor's Job is difficult to balance dichotomous diverse need as presented below.

If he is pleasant, he is too familiar	If he is sober faced, he is a
If he is young, he does not know anything	If he is old, he is an old stiff
If he goes to church, he is a hypocrite	If he does not he is a heathen
If he drinks he is an old souse	If he does not he is a tightwad
If he insists that the rules of the plant be kept he is too particular	If he talks to everybody, he is a gossip
If he does riot, he is stuck up	If he does not he is careless
If he looks around, he is snooping	If he does not he is unobservant
If he tries to settle all complaints, he must have the wisdom of Solomon	If he worries about them, he will soon be crazy

The above description of a supervisor, aptly tells that a supervisor must be a man of many qualities. It is said that he should have 'the skin of a rhinoceros, the wits of a fox, the courage of a lion, be blind as a bat, silent as a sphinx'. He must know all, see all, say nothing, but solve everything'. It follows from the above to be a successful supervisor one must be born with requisite qualities. But very few have such qualities. Hence, the need for training, through which one could be made an effective supervisor. In the following section the training needs of a supervisor are discussed.

(a) Need for training for supervisors

i. With the growth of the organization, more and effective supervisors are needed.

ii. Trained supervisors are potential executives

iii. Smooth and effective functioning of the organization depends on the calibre and characters of supervisors
iv. Trained supervisors would be able to solve problems effectively.
v. Peaceful industrial relations could be made feasible through effective training for supervisors

(b) Ascertaining training needs of supervisors

Training needs of supervisors should be first ascertained and the methods used to ascertain them are: (1) survey of employee attitudes would throw some light on the need for and specific needs of supervisor training; (b) Survey of supervisors themselves would bring in a vast mine of data relating to training needs of supervisors. Suggestions as to training needs could be welcomed from supervisors them-selves, (c) top management, by itself could identify the training needs of supervisors (d) training department of the organization and (e) outside consultants may be deputed to find the training needs of supervisors.

(c) Individual or group training for supervisors

Training program to be effective must be individualized. But such programs would be costly but there is no escape. In the case of workers group training would be all right. But in the case of supervisors it might not be. In fact as one climbs up the organizational hierarchy, from large group to small group, individual based training programs become necessary. The starting point for individual based tailor-made training programs is the supervisory level.

(d) Selecting personnel for supervisory training

There is a peculiar problem as to selection of persons for supervisory training. That is, whether an organization first select supervisors and after that they be trained or give training to prospective supervisors (top class efficient foremen and workmen) and then choose from among them, the needed number of supervisors based on aptitude during the training process. The practice depends on the management policy. In certain cases shop stewards are upgraded a supervisors and necessary training is given to them. Some companies feel that the supervisor should be technically skilled person and that they choose supervisors from their apprentices and later these persons are given training in supervisory tasks. On the contrary, a company may give basic managerial training to all employees and those who emerge successful meeting the standards fixed by the management would be made supervisors. After that

they are given supervisory training. The above said cases refer to 'first - training' in supervisory cadre. However, even experienced supervisors need training, as the training process **is** never ending one.

(e) Specific training needs of supervisors

The specific training needs of supervisors can be ascertained through, job analysis, organization structure promotion charts, etc. Asking the supervisors themselves as to what are their training needs is one of the methods. But this method has certain drawbacks, since most persons may not be knowing what their needs are; even if they are aware of their needs, they may not reveal the true picture. However, the supervisor-trainees must be interviewed, tested and encouraged so that they are having the needed aptitude interest, ability and personality to benefit from supervisor training programs.

(f) Training areas for supervisor

i. Training in **general management** field. Supervises are low-level line managers. They get works done through their subordinates. As managerial personnel, they need to know the basic management process, namely, planning organization, direction, supervision, coordination, control and budgeting. So, management- principles and practices must be taught to them.

ii. Orientation in company policies, plans, programs, activities, nature, future, opportunities, duties and responsibilities enjoined upon and expected on the part of supervisors by the company, their authority and decision-making range, etc.

iii. Job methods training needs to be given to supervisors. It includes: the break of work into details-steps and procedures, involved at each stage including material handling, flow of work, hand and machine works; the purpose, the person, place and period aspects of each work materials; and components, machines and tools, plant and equipment, design and layout; safety and Storage aspects of each work; the work modification scheme involving development of new method, elimination of unwanted elements, business process re-engineering, 6 Sigma quality, proper layout and flow pattern, simplification of tasks and /events, trial; of new method, etc., the application of new and improved, job methods with the willing co-operation of workers.

iv. Job relations training is another training that supervisors need. Job relations include. - relation between jobs and departments; sequential, and time and event, relationship between different jobs, human relations at work; industrial relations in the plant. Of these the first two are mechanical and routine. But the last two are dynamic ones. The supervisors' ability as leaders of groups constituted by divergent humans is put to test here. The supervisor must be able to understand the human psychology, behavior and aspirations and what not. He must see that human problems don't arise, if arise these must be solved effectively before these assume proportions. This part of supervisory .training is really involving and pains taking.

v. Job Instruction Training courses come next. The supervisors must be trained in importing instructions to workers in carrying out their assigned jobs. The supervisors must be trained in better communication methods, so that the workers understand the instructions properly. Apart from instructions as to work methods and job relations, instructions as to job safety are to be very effectively imparted to workers. All these require a system of training for the supervisors.

vi. Job training to carry out their works (all referred to above) effectively, supervisors need training. In a nutshell the training course contents for supervisors include general management areas, people-management aspects and production-management requisites.

(g) Methods of Supervisory training

What specific methods of training are to be adopted to train supervisors is the next question. There are many methods. These are group discussion, internships, job rotation, understudies, and university education programs.etc.

(h) Drawbacks o Supervisor training programs

The training programs for supervisors often do not end with optimum results. The reasons are not far to seek. The major weaknesses of these programs are, (i) poor planning of the programs itself, (ii) too much emphasis on the 'formal' aspects of the programs leaving the practical aspects at the backyard, (iii) improper selection of supervisor trainees, (iv) improper methods of training, (v) lack of individual based training programs, (vi) lack of knowledge about the specific training needs of supervisory personnel and (vii) absence of proper evaluation and follow-up of training programs.

C.3. Training for Executives or Managers

It may be noted that training at the executives' level is generally referred to as executive development or management development.

Executive development refers, to 'a program of training and planned personal development designed to prepare and aid managers in their present and future jobs'. Programs try to discover and forecast the problems with which managers must deal and help them in handling these problems. Executives are the persons charged with the organizational and operational responsibilities of managing an enterprise. They are responsible for the work performed by others. Upper-middle and top management personnel are referred to as executives. Their work is managing people, work, and managers below one's rank. It involves planning, organizing, directing, motivating, controlling, coordinating and budgeting. Hence, training for managers must be directed toward developing their knowledge, skills and attitudes in planning, organizing and other managerial functions in relation to managing-men, materials, money and managers. As such the training programs for executives are quite different from those for workers. Executive development is defined by George B. Corless as, 'on effort to apply the same principles of management, viz., planning, organizing, directing coordination and control, to the selection and development of personnel which are used in the physical and financial phases of a business, in contrast to haphazard methods based on the hope that cream will come to the top'. George B. Corless emphasizes the need for conscious development of executive training programs.

C.3.1 Need for Executive Development

The need for executive development cannot be over-stated. In the previous lessons this aspect was touched. Now some more points are given:

i.	The need for more number of managers has been on the increase. To meet the need, one cannot wait for the 'cream' to come up, rather available persons should be developed in managerial skills and made 'the cream'.
ii.	Managers are made and not born. This has been accepted by business leaders all over the world. Hence, to meet the demand for managerial personnel, executive development programs have become very handy.
iii.	We are living in an era of continuous change. To keep oneself' 'fitting' with the ever-changing world is to constantly develop oneself in the

	contemporary knowledge, skills, attitudes, etc. To managers, this has become an inevitable requirement, lest they have to suffer managerial obsolescence.
iv.	Today the task of a manager has become highly complicated and difficult owing to many changes in the business environment - economical, social, legal, international etc. Equally the internal environment – dealings with union leaders and labours, has become stiff and more pressing. In the stated situation the old style management cannot do well. There is a need for change in the style of management itself. Hence, the need for executive development.
v.	To replace the present managers who are at the verge of retirement, new talents have to be identified and developed.
vi.	Peter F. Drucker observed that, executive positions need wider knowledge and understanding and this can be assured through planned executive development programs.
vii.	Management decisions and actions have to-reaching consequences and broader effects. Unless the personnel are trained in decision-making capabilities, the chances for bad decisions would be more. To avoid this executive development is needed.
vii.	A manager is supposed to get things done through subordinates. That is he is not intended to execute works himself. Precisely this means the manager must be good at delegation of authority and exaction of accountability. This needs some training.
ix.	Managers these days are accused of lacking in ethics, and sometimes as bureaucratic manipulators. Executive development would help in providing new competence to managers to boost their status and image.
x.	A concern must develop its own managers from within. So, whether it develops new products or not, it must develop new managers. This would help in achieving executive continuity.
xi.	Executive development is time consuming process; that is overnight, we cannot develop managers. Hence broader planning well-in-advance of time and pragmatic execution of executive development programs are needed.
xii.	For growing concern continuity, vitality and flexibility are very essential and this can be achieved by maintaining an 'inventory of executives' in the offing at all times.

There used to be an '**executive developmental continuum**'. To start with an employee is inducted into the organization. Depending on his work performance and aptitude for career advancement, pre-supervisory training is imparted to him. Successful functioning as supervisor, makes him for further career development. His aptitude for managerial position is evaluated and if found suitable he is exposed to managerial development programs and finally placed as an executive.

C.3.2 Training Requirements (needs) of Executives

The training and development requirements of executives are vast and many. A brief summary of these requirements may be presented now.

i.	Company philosophy, history and traditions
ii.	Management functions, responsibilities
iii.	Information about past and current management theories, concepts, approaches, etc.
iv.	Company Operating plans and policies
v.	Operational and organization problems
vi.	Problem solving techniques and process
vii.	Decision-making capability and process
vii.	Delegation of authority and exaction of accountability
ix.	Evaluation of subordinates and reporting
x.	Human relations and employee morale
xi.	Ability to recruit and orient new employees and further develop them into executives
xii.	Budget and budgetary control techniques
xiii.	Conducting meetings effectively
xiv.	Ability to plan, organize and control works
xv.	Introducing and managing charge - creativity and innovation
xvi.	Organization and management system
xvii.	Management by objectives (MBO), Management by exception (MBE), etc.
xviii.	Leadership abilities
xix.	Motivation studies and abilities
xx.	Corporate responsibilities to society
xxi.	Legal environment, tax, laws, labour laws, etc.
xxii.	Public relations practices
xxiii.	Human values and executive role

xxiv.	Human resource development
xxv.	Project management
xxiv.	Financial management - profit planning capitalization, techniques and practices
xxvi.	Public policy and corporate power
xxvii.	Wage and price controls
xxvii i	Goals and means of the economy
xxix.	Humanization of management systems
xxx.	Quality Enhancement
xxxi	Corporate Governance
xxxii	Environment concern, Carbon footprint and Emission management

The list of training needs given above is not unique or exhaustive. Basically the training needs fall into the following areas, namely, management of men, machines, money and materials and management in accordance with the national, social, legal, environmental and economic parameters, variables and objectives. Businesses are open systems and that they have to take into account all the forces and factors of the environment within which they have to function. Accordingly, the managers have to be developed and trained. Varied needs arise in varied circumstances and that the training needs should be determined for each and every circumstance separately.

C.3.3 Methods of Executive Training

(a) Coaching

Coaching is 'an important developmental tool for converting potential performance to actual performance'. **Marion Kellogg of American Management Association** had observed that coaching is a means of reinforcing on-the-job development, putting development into the work itself. Coaching has been generally recognized as an important factor whereby superiors can help subordinates reach objectives. In helping the subordinates to reach the objectives through development, some useful lessons can be learnt by studying the parallel with a football game. Coaching can use many techniques though no one technique is superb. **Kellogg** has prescribed a list of do's and dont's for effective coaching. Effective techniques will vary with the objectives, jobs, the level of subordinate personality and ability, the character of relationship between he

coach and trainee and so on. Whatever the technique adopted it must fit the situation, if it were to be effective guiding, helping and encouraging trainees to achieve the goals. Coaching must be done by the superior and should not be delegated.

(b) Under-study program

Under-study arrangement is one of the on-the-job training programs. In such an arrangement, the trainees work directly with those whom they may replace in short future. The senior executive is given the major responsibility for training his 'under-study'. He is expected to prepare the latter to assume full responsibility for the job. In fact it is the clinical phase of development where there is a formulation of the old informed 'rubbing off' process, where every manager at the next higher level becomes teacher in the everyday world of practical and specific events. The management hierarchy then becomes a vast training network in which each level represents a level of development, and in which, subsequently, a higher level becomes competent to train the immediate lower level and is held directly accountable for doing so effectively. It is a sort of internship training the medicos undergo. To be successful, the under-study arrangement must be made the sole responsibility of the superior. It must be included as one of the formal duties of managers. It must be made a systematized daily and continuous function rather than a haphazard chore or a function which is taken up only when need arises.

(c) Job Rotation

Job rotation is one of the widely used executive development programs. Certain well known institutions like the **Sears, Roebuck and company, the Bank of America,** the **National City Bank**, etc in the U.S. have adopted job rotation program to develop their executives. Job rotation, simply involves, shifting the trainee from one position to another as a means of broadening his experience and familiarizing him with many areas and aspects of business management. During his stay with each department the trainee is assigned to spend some time in each of the departmental activities, where he learns by carrying responsibility in a line or staff role in the activities concerned.

The merits of job rotation programs are highlighted by **Dwight S.Sargent, American Management Association.** These are listed below:

i.	It provides a well-rounded training and experience for the individual, familiarizing him with many phases of the company's operations.
ii.	It enables the executive in making decisions more intelligently and in the light of their effect on all activities of the company.
iii.	It streamlines the organization through continuous introduction of new managerial view points and eliminating the unnecessary practices.
iv.	It stimulates the development of individuals through competition
v.	Vested interests in any job held by any individual cannot be continued for ever.
vi.	It tests the individual. The executive ability and versatility of individuals are tested, and those with promising potentials are identified for promotion and rewards
vii.	It provides a means of placing individuals in the jobs for which they are best fit and qualified.
viii.	It tries to prevent uncooperative attitudes, on the part of individuals, by periodically changing them from job to job, from association to association, etc.
ix.	It minimizes friction caused by personality clashes or personal feuds. Exposes chronic source of such friction and enables to take suitable corrective action.
x.	It widens the trainee's circle of acquaintance among company executives.

Job rotation program has certain limitations too. These are stated below:

i.	It encourages generalization and prevents and defeats specialization. As the trainee is moved from department to department, what he acquires is only an A-B-C level of knowledge on each of the functions. He does no master any one particular function. Continued professional *and* technical development is not possible.
ii.	Sometimes continued movement through the several phases of the rotation is not adopted, inadvertently or deliberately. This is bad.
iii.	The validity of job rotation as a developmental device is still a matter of opinion.
iv	Special career patterns that combine experience in selected divisions and jobs are considered superior to general rotation.

No training program is free from pitfalls; so is the job rotation program. However, in the end it may be suggested that instead of organization-wide rotation, rotation may be limited to select divisions so that professional specialization can be ensured.

(d) Business Games

In training parlance a business game refers to 'a formalized activity consisting of two or more participants who attempt to meet their objectives within the limitations imposed by a set of rules, (Larry C. Coppard)'. As a training methodology business games enjoy a good deal of popularity. These were originally developed during the mid 1950s. One of the first business games to be widely used was the Top Management Decision Simulation, developed by the American Management Association. But the 'gaming' as such is thousands of years old. Perhaps it is old as such games like Chess. In military circle 'gaming' was in use as early as the early 1800s.

In any game plural number of parsons and competing groups are involved. Groups and persons have to interact with each other, act towards achieving the specific goals of the unit within the constraints, in much the same way, a business has interacting groups and persons, specific goals and constraints. In that way a business is a game, whose success depends on the quality of actions and interactions among the various sections, groups, and persons towards the goal. Each competing group in a game simulate the role, behavior and actions of other groups and adopt its own role, behavior etc., so that it could emerge successful. These simulations actually are managerial exercises touching a spectrum of diverse activities and roles like leadership decision-making, resistance to stress, planning and organizing ability, interpersonal relations etc. A successful manager would possess all these and other managerial qualities. Thus there is a great deal of similarities between a business and a game and that gaming simulations are as much applicable in business management as are in games. Hence the origin of business games.

Business games are highly useful as tools of training. The **uses of business games** are:

i.	Games are useful to explore a process or the relationship between elements, especially where the same cannot be presented by means of any

	instructional method. In such cases, the participants gaming simulation is the alternative, where the players play it, feel it and experience it.
ii.	Games help in exploring problems, issues, etc. where little information is available. In training, the trainer and trainee can identify problems in the model and reverse it.
iii.	Games provide an active, verbal and at times physical learning environment. Some people find learning easier in a face-to-face interaction situation than by reading or through lectures. For such people, training can be given through the games method.
iv.	Games provide ample scope for communication among participants. Communication skill is developed, which is an essential requisite for executives.
v.	Gaming simulation is an enthusiastic method of training and development to participants who are tired of the traditional methods.
vi.	Games-develop the level of motivation of participants, because of feed-back and competitive nature of games.
vii.	Games often include opportunities for decision-making, resource allocation, persuasion, compromise and negotiation. All these can be explored rationally and emotionally, Thus the trainees are enabled to acquire the talents requisite for them to meet real life application.
viii.	Gaming simulations make the participants take decisions and be committed to their divisions. This process develops the skill of being decisive and specific instead if being 'fluid' on-the part of participants. This is a vital character of successful managers.
ix.	Gaming methodology serves as an excellent laboratory for testing ideas and assumptions and asking question. This helps in encouraging experimentation, before launching on a large-scale. New product development market extension, etc. are some business problems where experimentation is needed.
x.	Games help in reducing training time and cost, s the trainees are practically exposed to simulated real-life situations. They learn as they participate and the efficacy of learning is great.

Shortcomings of business games: Business games as a method of executive training is not an unmixed blessing. The shortcomings are.

i.	These may lead to exciting competitive environment and groups may over react and participants may become over confident of their abilities as demonstrated in the gaming environment. The other extreme is also possible. Both these tendencies are not good,
ii.	A gaming model is a simplified and abstract of the real life situation. Such a model and experience '-based on the same may not meet real life requirements.
iii.	Business games are costly. Complex problems need computerization, further adding to development cost computerized models need change with change in the environment, thus making their maintenance an additional cost.
iv.	Gaming simulations may not be taken seriously by participants, as these are not anyway, the actual. The participant may not show the inclination to learn, but only to win. Then the very purpose of business games is lost.
v.	Lastly, business games emphasize more on quantitative factors, rather than on qualitative factors. So, budgets, production rates, etc. are manipulated and decisions are taken without regard to working conditions, values of business etc.

These shortcomings are pointers to the great deal of care, ground-work, etc. needed in designing, developing and adopting this method of executive development.

(e) Multiple Management

Executive development programs emphasize the need to provide adequate exposure to executives in decision-making and problem solving. By sharing authority with a number of junior executives, the senior executive is providing necessary exposure to junior executives. **Multiple management is a variant of committee management** wherein authority is delegated down the line and decision making skill is developed. In this method, trainees hold membership in committees that consider the broader problems facing executives. These committees are referred to '**junior boards of directors**'.

These boards study the company's operations and make recommendations for action to the senior board of directors. The junior boards have all the requisite authority to look into all relevant facts. These members are, however,

pledged not to divulge confidential information. Normally the junior boards created under the multiple management executive development program devote their attention to one or few special problems. It was originally developed at the main plant of McCormick & 'Co., the food packers and distributors, Baltimore, Maryland. In that plant almost all recommendations made by the junior boards are accepted by the top management. In view of this spectacular capability of junior boards, the multiple management programs have been rightly referred to as **'top executive seed-bed'**.

J.S. Nicholls, Jr., in his book, An Adventure in Multiple Management, has pointed out how this plan prepares future executives. He has observed that, the junior boards or the auxiliary boards, as he puts them, provide responsible experience in all phases of management. Members ascertain problems, collect and collate facts, take decisions and receive credit. It is training by doing and not one of merely learning. The boards, constituted by people from various departments, see problems in their totality. The members learn to collaborate with their equals for the general good. The greatest achievements and satisfactions can come from only co-operation, the boards and members say. That is multiple management provides and emphases experience in team-work.

The essentials of multiple management programs as described by McCormick are as follows:

i.	Furnish every individual worker with adequate information in order to enable him to understand his relationship with the organization purpose and activities.
ii.	Convince him that opportunity would be extended for self advancement.
iii.	Develop socio-cultural opportunities that offer him the benefits of fraternal activities enjoyed by college students.
iv.	Encourage workers to accumulate wealth and do everything possible to convince that the interests of capital and labour are identical.
v.	Encourage workers to contribute ideas and suggestions for advancements of the business.
vi.	Determine the work an individual could discharge well. Find and reward talents.
vii.	Share profits in a manner that satisfies.-all.
viii.	Provide a definite part to workers to plan and work out of details of works to be done.

ix.	Consider every endeavour as a means of training management, as well as workers, in an improved concept of the principles of capitalism and its new responsibilities.
x.	Lastly, allow the principle of justice and good sportsmanship to govern all planning and activities of a factory multiple management.

These points are developed with special reference to factory management. But most of these points are applicable in all functional management areas too.

(f) In-basket Training

In-basket training is a different form of business game, with only one individual playing. In other words it is a non-interactive from of business games. The in-basket methodology tries to improve the decisive powers of the trainee. A trainee executive presented with management problems in the form of written materials which may come across à manager's desk. Letters, memorandums, notes from the boss, submissions from subordinates, routine and special reports, appraisal forms, etc. may constitute the 'basket.' Usually the trainee is supposed to take up a new position which has been vacant for quite some time and that many correspondences have got piled up. The trainee is supposed to attend to for a few hours on a Sunday afternoon so as to get on top of things. The things are not in order and some of them require immediate action while the rest can be treated as routine. The trainee is asked to sort out things and prepare a plan scheme of action as he thinks he would in the real situation. The trainee may also be asked questions, on the basis of the plan he has prepared, where in his reasoning, perceptions, value judgments, etc. about the various items in -the basket are judged and the causes of his, decisiveness or indecisiveness are enquired into. Also/the trainee may be asked to give explanations as to the state of the whole situation, the calibre and capacity of the previous incumbent, the problems the organization face now, the effectiveness of his plan to meet the problems, etc. In basket training thus enhances the executives ability to plan, organize decide judge, attention to detail and perceive things in their right order.

Now the process of in-basket training may be explained. Normally the number of letters, memos, etc. is limited to 15. But the package is made as diverse as possible consisting of urgent and non-urgent, request and command, confidential and personal matters. The trainee, may be a new promotee to a

higher position, or a person who has to attend to normal office work, besides out-of-town works quite frequently. The situation is such that the time pressure is so much that the trainee has to take quick decisions. A trainee has to work himself on the simulated in basket. Each person has the same in-basket material, but works separately by himself as he might do in his own office. The results of each would be different depending on one's perception, ability and innate talents. After the given time, normally an hour, the trainees return to the class, where the instructor conducts a discussion of how the materials were handled by different trainees and how the same be handled.

The in-basket, training may be conducted in various phases. For example, in the first phase, the training objective may be to order things and set priorities. After this and the discussion on the results are over, the next phase may be the identification of problems, and so no.

(g) Case studies

Case studies describe a situation and seek to summarize experience and raise problems. The purpose is to provide an insight into a case i.e. situation or problem, to the trainees and teaching them how to handle similar situations or problems when they arise. One of the objectives of case studies is to develop decision-making or problem solving skill of the executive trainees. Case studies develop situational insight through one's own tested experience and that of others. As a method of training, case studies are generally used to illustrate broad principles and approaches to problem handling. Management is a skill inseparably linked to knowledge. Knowledge without the skill to use it is simply a surplus baggage to the practitioner. Skill without the continual infusion of new knowledge leaves its possessor practicing in the grip of unmodified routines, as was observed by, **Bailey Joseph Harvard University**. Case studies provide knowledge and skill which executives need. Thus case studies are one of the means for acquiring the above requisites.

Different business schools have developed varied case methods. Some important methods are described below:

Harvard Method: Case method was originally developed by the Harvard Law School in the 1880s by Christopher Langdell. The Harvard method is non-directive, i.e. the students (trainees) have to think for themselves, discerning 'the

ever - tangled skein of human affairs' principles and ideas which have lasting validity and general applicability. They are assigned only the cases and it is upto the trainees to search relevant facts and ideas and draw broad conclusions having practical applications. Such studies develop the knowledge, thinking capacity, analyzing ability, decision- making skill, etc. of the participants. Hence the Harvard cases are most respected and some people hold that these are the cases. However, another section of people considers that the Harvard cases are unnecessarily detailed and time-consuming.

Alternatives for actual cases are considered necessary to get over the above referred to drawbacks. Such short-cuts like fabricating and abbreviating cases are available. But fabricated cases are not real and that the trainees may not show adequate interest in the discussion of such cases. Worse still, they may suspect the integrity and ability of the leader. Abbreviated cases are actual cases in a nut-shell. The problem here is that when a case is too much abbreviated, it over-simplifies the situation. For practice in problem solving, abbreviated cases are far from reality and has no much insight can be drawn from them. Through are studies an executive is enabled to develop analytical kills in regard to identifying problems and their shapes in the early stages, determining the factors in the total situation which aggravate or alleviate problems and deciding the future course of action to prevent further complications. In these purposes, a highly abbreviated case, like a fabricated one, is so flimsy that it cannot be worked with. In other words the original form of Harvard cases has an edge over the short-cut forms.

The Wharton School Method: The Wharton school method focuses on 'live' cases. A live case is a report of events that have just happened or still in process. Arrangements are made with business executives to provide case sports as and when a cases situation has developed and the time is being tackled. In analyzing live cases, the trainees almost feel like being personally confronted by the concerned situation and that they try to look at the problem in all dimensions. They also get up-to-date information to start from. The trainees are asked to provide an interim exercise in problem solving and are offered opportunities for comparing and appraising variety of solutions for each problem analyzed. As a method of executive training, 'live' case study is better than past cases.

The Henley Syndicate Method: In **Henley Syndicate** method, the trainees are divided into many syndicates or groups. The reposition, the chairperson and subject for discussion of each syndicate are determined in advance. In this sense, the syndicate method is a directive method. A brief on each topic to be discussed is also provided to each syndicate. Each group first considers the topics as suggested in the brief and breaks down the various problems raised into specific assignments which are allotted to individuals or small groups of syndicate members. Later a full meeting of the syndicate is convened to consider their findings. The discussion is incorporated in a report and presented at a plenary session where it is again discussed together with reports of other groups. The chairperson, secretary, etc. are rotated among the syndicate members. Generally the syndicates are requested to deal with number of briefs at a time to foster quick decisions and flexibility of mind. As a training method this technique helps increasing the trainees' knowledge, improving their skill, changing their attitudes, emphasizing their art of oral and written communication, making group decisions and developing suitable committee behavior.

Method of the Centre for Permanent Educations: This centre is located in Fontainebleau near Paris. The case method developed by it is different from the ones we have so far discussed. The training period stretches to about 90 days divided into 8 training periods spread over a period of 2 years. Each training period (of about 10 to 14 days) is followed by a three-week recess during which participating executives return to their respective companies and apply and test ideas and practices acquired at the training centre. Later they return to the centre at the beginning of the next session with their experienced the results they achieved or difficulties the encountered in implementing new managerial ideas and practices. Each participant's experience is a case for discussion in the ensuing session. There would be about 60 trainees and that 60 cases would be there for discussion in each training period. Thus executives continually provide new case material and evaluative information. The Centre thus stimulates and follows up the development of each executive and in this way, fosters the integrative development of each participant and his company. The governing principle is to stimulate a continuing process of self education. As a training method it is very much practical and field application oriented. But one drawback is that the members should not lose the thread of their study and analysis during the recess period.

The Incident process: It is a variant of the Harvard method discussed already. The objective of the incident process is to **'stimulate self-development in a blend of understanding that combines intellectual ability, practical judgment and social awareness'**. This method has a five-step cycle which is detailed below:

a)	**Starting with an incident:** A group work on each case begins when the group meets. The members, study the written incident (i.e. the case for a couple of minutes and ask for themselves what seems to be going on here? What are the facts of the case? What issues stirred up people?
b)	**Getting and organizing factual, information:** The next phase is to collect and collate facts. The group members ask questions to the discussion leader (who knows the case in all detail) eliciting information as to 'what', 'where' and 'how' of the situation. The mass of information so collected is summarized. This phase takes about 20-30 minutes
c)	**Formulating an Issue for short-term decision:** Here the group considers *is q*uestions: what is at stake here organizationally for persons immediately concerned? How shall we state the critical question for action now?
d)	**Making, Crystallizing, presenting and testing decisions:** This phase takes about half an hour. Here each member writes his or her own answer to the question: How would 'he handle the incident? The answers are collected and analyzed based and stratified similarities. Then the group is divided into strata as per the above criterion, similarity or other wise of the answers. Each stratum chooses its leader and tries to cash its strongest case to support its collective decision. Then the leaders of the different strata argue each other's case and sub-group decision and reasoning are compared and appraised. Then the discussions leader provides information about another kind of test-the test of history, i.e. what was actually done by the person in whose role discussion group members have been analyzing the case? What was the impact of the decision in the immediate sequence?
e)	**Trying to learn from the case as a whole:** This phase is that most important part. It is the self-evaluative and learning process. What flaws seen to have been accountable for the difficulties that showed up in the incident? What factors-personalities, organizational relationships, previous managerial actions, etc. can be identified as the actual or potential forces that would tend to favour productive interaction in such a situation? What

kind of long-term solutions might alleviate current difficulties and/or tend to prevent their recurrence? The group members, discussion leader, role players, etc. discuss and arrive at answers to the above question.

The process of case study method: All case studies involve some common processes. These are ease presentation case analysis and case discussion. The above processes are discussed below:

i. Case Presentation: A case is generally presented through a case report. The report may be written, verbal, video film, TV, tape, or role playing. A case report should be realistic, provide information relating to interpersonal relations, organization hierarchy, etc. The report must reveal the changes that have taken place and are taking place. A comprehensive report would help the reader in acquiring greater knowledge better understanding of the case, in enhancing his skills, etc.

ii. Case Analysis: Case analysis involves identifying the difficulties, trying to understand how they developed, disentangling related difficulties to consider them separately as well as in relation to another and deciding which need to be tackled first, etc. The analysis should be comprehensive covering human behavior, the change taking place per unit time, the technical aspects such as methods, procedures, etc- Case analysis should be also flexible in the sense that there is no one best approach to get at the crux of the problem. A variety of questions need to be asked to get around in the situation.

iii. Case Discussion: The discussion by a group, about a case should he focused on one point of the case at one time. That is all members should be working, as team-mates, at the same level of abstraction. It is unproductive to have task swing back and forth between getting information and comparing opinions. The size of the group should be small to ensure productive discussion. The discussion should achieve a fair level of courage of general ideas and specific issues relating to the case. The discussion should provide satisfactory answers for all members of a group. Apart, it must be characterized by a free, informal and experimental atmosphere. Only in such an environment, members would contribute their ideas without hesitation' discuss issues without favour or fear, cite firsthand experience, etc.

To sum up, it may be observed that case studies, as a method of imparting training for managers are of great use. It is said that a good stance for reaching towards the sky is to have one's feet firmly planted on the ground. Managers can do well as managers, only if they have a sound theoretical knowledge and knowledge of experiences of others, part their own. But the experiences of others or one's own should not be taken as such, for every situation is unique. So, knowledge acquired theoretical and experience based, can only provide a broad insight into a problem, the details to be worked out specifically for each case. Managerial situations do not repeat themselves. Even if these *do, the* environmental factors would necessarily be different, inquiring different treatment. This point must be kept in kind by the trainee-executives.

(h) Sensitivity Training

Sensitivity training is also referred to as T-group. T-group training means 'training-group training' or 'learning-group training'. It seeks to make people more sensitive to others and to make them aware of how, advertently or inadvertently, they themselves in turn affect each other. The trainees are given insight into their own behavior, that of others, that of the group and how each one is inter-related. The main thrust of sensitivity training is to help people achieve a greater awareness of how human beings relate to one another. It accomplishes this by bringing to the surface, for conscious examination, the normally unquestioned assumptions about human relations If a person communicates something to others, the same is received in terms of what they feel about the communicant. The response of the communicatee is not independent of the feelings they have about the person communicating. The fears/anxiety or trust/confidence the communicatee associate with the communicant, or the situation, affect the way they respond. In organization life each person communicates to each other person and enters into relations with each other person. Effective organizational life, then would evolve, only if each member of the organization conducts his course of actions having regard to the feelings and expectations of others. This is what is called as being 'sensitive', which the sensitivity training tries to provide to the participant trainees. As managers and executives are greatly responsible for fostering better relations with employees, public, government, suppliers, customers, etc., the need for sensitivity training in their case is large. This training aims at inducing

the sensitive perception that helps in diagnosing process that usually affect relationships at work which, in turn, affect- organizational task.

Sensitivity training provides a laboratory setting in human relations where individuals study and increase their understanding of the forces which influence the behavior of individuals, groups and organizations. Skills and insights into methods of collaboration and motivation between individuals and groups are explored. In small group-dynamic settings, individuals are encouraged to examine together their experiences with each other in enough detail so that generalizations can be drawn and conceptualized. The use of sensitivity training in management development is based on the theory that an executive will be more efficient and more effective in motivating and leading others, in working with and through others, by increased sensitivity to human or interpersonal relations. Sensitivity training is also known as 'human relations laboratories', 'group dynamics laboratories', and 'management training laboratories'.

The process of sensitivity training mainly consists of a small group of 10-15 trainees working with a trainer(s). The group has no defined agenda. As trainees begin to work together and develop as a group, they observe the process of their own interactions. Problems of authority, power, formation of sub-groups, interpersonal relationships and process of this kind are experienced and observed by trainees and they begin to identify them, gain an insight in-to them and understand them in their own environment and in their own role 'in the situation. Learning is based on the experience of individual trainees, as individuals and as members of the group. Personal observation and analysis are the tools of training-learning process. Each trainee is an object of study and observation by himself by others and by the group. Hence this method is called as 'laboratory training'.

A variant of the above method is to use norms which may be either the group average or those of similarly constituted groups. The trainees use a variety of exercise and each exercise has a rating which is compared with the group norms. In certain cases instruments of measurements are used. The instruments contain structured or programmed problems or patterns of responses of the situation developed by the trainer(s).

The individual trainee compares his own ratings with others in the group. One of the well known programs of this type is the **'Managerial Grid'**. It identifies combinations of concern for production and concern for people and attempts to increase attention to both. This was developed by **Blake and Mouton**. Managers are of different make, some are extremely concerned about output, while others on people, still others show a, balanced concern. Both the concerns for production and people are measured in a two dimensional rating scale of a points. The 1-1 manager's concern levels (concern for people and for production) are very minimal and *interse* equal. He simply passes on orders down as he receives them from his superiors, doing almost nothing himself. He is like a county club manager. The 1-9 manager (concern for production is one-ninth of the same for people) tries to secure a happy environment for subordinates. The 9-1 managers are task masters. The 9-9 managers try to develop a cohesive, committed work force so that higher production and greater satisfactions are achieved. The 5-5 managers are the mediocre, but balanced. The trainees are asked to find where they fit themselves in the two dimensional scale. The members of sensitivity training may comprise of persons drawn from varied lines (i.e., each one is a stronger to each other), or of persons working in a department with differing hierarchical levels (i.e., family-type members) or of persons from different departments of the same organization (i.e., cousin-group members) Each type has into own merits and demerits.

In general the sensitivity training tries to develop the following terminal behaviour.

i.	Achieving authority in interpersonal relation
ii.	Unfreezing managers' minds
iii.	Developing self-esteem in trainees
iv.	Improving human relations through achieving interpersonal competence, internal commitment and the process of conformation

But the efficacy of the training in achieving the above objectives cannot be taken for granted. The reasons are obvious. The very human nature is one of them that stands in the way of achieving these objectives. Apart, the caliber of the trainees is another influencing factor. **George S. Odiorne** has observed that, 'a form of management training that has, good guys and bad guys arbitrarily built in to fit a Utopian ideal of panacea democracy, is no safe for

business or any other form of administrative organization to experiment with. Until the sensitivity trainer has come forth with a school that takes overly sensitive man and toughens him up into a rough and ready mode of man as well as the reverse, I can only suggest to businessman that they avoid, the entire cult'. The above statement of criticism is very much pungent. Any training method cannot be effective in dealing with 'extreme' cases. Exceptions need exceptional treatment.

D. STANDARD VS TAILOR MADE TRAINING

The training needs of organizations differ. The training needs and emphasises of individuals differ. Ideally, a training course for each is necessary. But, the cost, time and effort will be higher relative to the benefits. A non-differentiated training is cost effective, but its utility is diminished. So, a dilemma springs up as to go for a standard, un-differentiated training course for all, irrespective training needs or opt for tailor-made or custom tailored training course to specifically address training needs. Usually what is most beneficial in a context is followed.

i. *Standard Training Course*

There are Standard training courses developed with predefined sets of topics to meet a particular level of skills of particular standard of quality. Standard training courses are offered with a particular set of training facilities. This can be delivered onsite at a company's facility or beneficially at the trainer's premises. The curriculum is fixed, the process is delivered, the delivery mode is fixed and expected outcome is also fixed. This is fine for some entry level training by all.

Benefits of Standard training

(i)	A course designed and developed to teach a specific tool or design discipline
(ii)	Lecture material detailing tool and design-related topics
(iii)	Hands-on exercises giving you a chance to experiment with the tools and practice concepts covered during lecture
(iv)	The team efficiency of the trainer is more as they are used to this
(v)	The cost and effort are limited
(vi)	Can be arranged instantly as no special preparation on the part of the trainer is involved.

ii. Tailor-made Training Course

Training tailored to fit an organization's needs and budget, including flexible scheduling is also there. Onsite training can be held either at company site or at the Trainer's facility close to the company. Onsite training may use the same materials employed in training classes offered at training facilities. Tailor-made Training Course eliminates travel-related expenses and provides a private learning experience for the company's team with discussions centering on the company's unique design needs.

Course topics for tailored classes can be designed to the needs of the training. This could be standardized to an extent as found in Standard courses to an extent. Tailored courses offer the option to mix, add or eliminate topics from one course or multiple courses. The company can read the course table of contents and select topics of interest, and the trainer will tailor the classes for the company. If custom material development is desired, meeting the variable cost of custom material preparation is needed. Tailored courses are typically offered at a customer site, but can also be offered at the trainer's training facilities.

iii. Comparison of Standard and Tailored Training

A comparison of Tailored and Standard training courses are made below.

Features	Possibility	Possibility
Defines learning targets	Fully	Some-what
Product design like internet pages, videos or print materials, graphics and pictures, animations, and audios customized	Fully	Not
Internal quality-assurance of the product	Fully	Fully
Internal quality assessment of the project results in accordance to industry standards	Fully	Not
Full support during the production of new learning solutions and their corresponding services	Fully	Some-what
On-site or face-to-face training	Fully	Not
Supplementary training materials	Fully	Not

iv. Choice between Tailored and Standard programs

First of the objectives of training must be known. The training program must meet the training objectives. There are different Hierarchies of training objectives, functional objectives, etc

Hierarchy of objectives and training course suitable are presented below.

Regular Training objectives at the bottom	Standard training course
Problem solving training objectives at the middle	Blended or 'standard and tailored contents' training course
Innovative training objectives at the top.	Custom made or Tailored training course

v. **Regular training Objectives**

Regular training objectives embrace the recurring and routine activities. These include (i) induction training for new employees, (ii) Job instruction training (JIT), (iii) Job Safety Training (JST), (iv) Job methods training (JMT), etc. imparted to existing and new foremen, sales system training and new market and new product training for the existing and new sales force of the organization. These training are need-based, and are determined in almost every detail front past records. The number of personnel to, be trained, hours of training, costs and benefits of training per trainee, the normal lead time for a trainee to reach the level of satisfaction, etc. are generally decided from the historical data, adjusted for known changes. **Standard training course is enough in this case.**

vi. **Problem –solving training objectives**

Problems of one sort or other do creep in all organized activities. A scrupulous manager would anticipate potential problems and seek to solve them before the problems take dimensions. Problem-solving is a never ending process and the manager should sort out problems, define them, collect data, analyze them, develop a problem solving, model and give solutions. This objective of training program seeks to introduce problem shooting, problem fighting and problem hitting capabilities into people. These training courses seek to improve employee creativity in problem solving. Middle-level executives need this training. A kind of blended training, with features of **'standard and tailored contents'** in appropriate mix, is needed.

vii. Innovative training objectives: At the apex level innovative training objectives are involved. Policy formulation, Competence building, Strategy designing, etc are certain innovative things requiring lateral thinking, unbounded thoughts, creative philosophy, divergent visions, etc. this kind of need can be dealt by **custom made** training.

viii. Functional training objectives and training course suitable are presented below

Operational Objectives	Standard Training Courses
Performance objectives	Standard Training Course
Instructional objectives	Standard Training Course
Reaction objectives	Tailored Training Course
Personal growth objectives	Blended Training Course

Operational Objectives: Operational Objectives of training are concerned with improving methods of production, increasing outputs and sales revenue, improving productivity, reducing cost, waste and spoilage. The operational objectives are fixed for 'the entire organization in mind. Hence, **standard training course** will do.

Performance objectives: Performance objectives are determined with individuals in mind. Training given to employees to improve their efficiency, effort spent in relation to result achieved, and so on. When performance problems arise training is needed. This can also be **standard training course**.

Instructional objectives: These relate to job methods, job relations, job safety, etc. These objectives are also met with **standard training course.**

Reaction objectives: Training programs may be conducted with the objective of eliciting the reactions of the trainees on specific issues or happenings. Divergence in ideas of the causes, effects, etc is emphasized. This needs **'tailored training course'** as situations vary.

Personal growth objectives: These are otherwise called as self-actualization objectives, borrowed from A.H.Maslow's motivation theory. The training

program must provide for the personnel to improve their personal selves. 'Self' is more than the human organism. Training programs may have the objectives of creating feelings of self-confidence, self-competence, higher self-image, self-motivation, self-achievement and such other self-realization aspects. This class of objectives is the omnibus and inclusive one, including all or some of the previously discussed objectives, apart covering other objectives. **Blended training course** is a better option.

E. CULTURAL ASSIMILATION AND OTHER APPROACHES LIKE CULTURAL DIVERSITY

Culture can be defined as all the 'behaviour, ways of life, arts, beliefs and institutions of a population that are passed down from generation to generation'. Culture has been called, 'the way of life for an entire society'. As such, it includes codes of manners, dress, language, religion, rituals, norms of behaviour such as law and morality, and systems of belief as well as the arts, gastronomy, matrimony and so on. There are cultural patterns, differences, dynamics, shocks and resilience. **Edward Burnett Taylor** (1891) described culture as 'that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society'. More recently, the **United Nations Educational, Scientific and Cultural Organization (UNESCO)** described culture, 'as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs'. I must refer to some beliefs here. There is a handy example, the **American Dream.** The American Dream is a belief, held by many in the United States that through hard work, courage, and self-determination, regardless of social class, a person can gain a better life. This notion is rooted in the belief that the United States is a 'city upon a hill, a light unto the nations' which were values held by many early European settlers and maintained by subsequent generations. That is American Culture.

E.1 CULTURAL ASSIMILATION

Cultural assimilation is absorption of minority culture into the dominant culture. It is opposed to affirmative philosophy like multiculturalism, which recognizes and manages difference. The term assimilation is often used with regard to immigrants to a new land, such as the various ethnic groups who have settled in the United States. New customs and attitudes are acquired through contact and communication. Though the transfer of customs is not simply a one-way process, in assimilation the minority or the new comer learns the culture of the existing group and slowly severs from native culture. Assimilation usually involves a gradual change and takes place in varying degrees. Full assimilation occurs when new members of a society become indistinguishable from older members.

In the case of the MNCs the culture of the parent may be assimilated by the subsidiaries, that is, the 'new' following the 'old'. **In the context of human resources, cultural assimilation is the process of new members adhering to the culture of the organization, because each organization is having some culture.** The new comers are expected to become more similar over time in norms, values, behaviours, and characteristics with the existing ones. This is cultural assimilation. Of course, businesses need to be aware of the culture of new people as well, especially when they are from other nations with different cultural contexts and contours.

Most businesses routinely face the difficult situation of assimilating new employees into the organization initially as there used to be certain rigidities and stereo-types. There could be difficulty in understanding culture because same cultural symbol may mean exactly opposite meaning in two cultural groups. For instance a palm posture with the thumb in union with the indicator finger and other fingers raised fully means 'fineness' in USA, 'fineness' or even 'oneness with the God' in India, and 'zero or worthless' in France. In Germany it is used to tell a fellow lunatic or 'some obscenity' and in Japan it means 'money or exchange'. The process of assimilation could be smooth and productive if attended to properly by the HR division, and also a source of frustration for employee and organization alike if not carefully addressed.

E.1.1. Need for Cultural Assimilation

The universal force of cultural assimilation (i.e., the homogenization of cultural traits within a social entity), contributed to the accumulation of entity-specific human capital and, hence, to the entity's ability to efficiently exploit the existing technological frontier. Societies that were historically characterized by geographical conditions conducive to cultural assimilation, reaped the benefits associated with efficiencies in organization within a given technological paradigm, operating efficiently with respect to their technological frontier. Cultural assimilation is enhancing the intergenerational transmission, and, thus, the accumulation, of entity-specific human capital. Cultural assimilation reduces diversity by standardizing socio-cultural traits (e.g., norms, beliefs, ethics and codes of conduct) in entity. It improves the efficiency with which entity-specific human capital is transmitted across organizational participants, thereby, augmenting total factor productivity with respect to the available production technologies. This observation is consistent with empirical evidence on the development-promoting effects of greater social cohesion or social capital. The productivity is higher in China, because Chinese have one culture, one language and one party rule. Cultural assimilation is naturally existing, contrary to situation in USA or UK or India. Diversity, per se, is no bad, but too many cooks may spoil the froth as too many ideas just lead to clash of ideas, no action on the ground. Hence an organization needs a good degree of cultural cohesion, which is possible only with cultural assimilation. Perhaps what is needed is work culture, organizational culture or so.

E.1.2 Suggestions for a smoother cultural assimilation IN CASE OF Mergers and Acquisition, as put forth by **Gerri King** are given below.

i.	Involve HR from the beginning and commit to addressing all issues and processes from a 'people perspective'.
ii.	Develop a cultural assessment that helps the two groups (old and new comers) identify their differences and appreciate all that they have in common.
iii.	Develop forums – in all areas and at all levels - for sharing institutional history, vocabulary and acronyms, formal and informal networks, management and work styles, and the sources of institutional pride.

iv.	It's nearly impossible to develop a new allegiance without bidding goodbye to former loyalties. Identify expectations and problems and design a realistic process for addressing them.
v.	Remember, ***the people who do the job every day know how to solve the problems, so include employees from all departments and all levels in transition planning.***
vi.	Develop a new strategic plan and unified goals, objectives, and overriding messages that reflect the newly formed organization.
vii.	Communicate even when there is nothing much to say. Silence erodes trust, and rumors start when there is a lack of information. If legal considerations prevent early communication, then promise that you will share as much as possible as soon as you can. Many companies have lost their key, skilled people because they could no longer wait for 'the shoe to drop'.
viii.	Be sure that transitional teams are developed very early on for all pivotal areas and layers of the organization, and that team members are fully representative of the employee base. Facilitated sessions are the most successful because it's easier for someone who does not have a stake in the outcome to be completely focused on the process.
ix.	Based on cultural assessment and mapping, use appropriate work teams to merge departments and make decisions regarding small issues (such as what forms to use) and larger strategies (such as how to handle customer service). While deciding upon best practices and new policies, cultural assimilation will be a by-product.
x.	Provide leadership and supervisory training as though the situation were a completely new.
xi.	Label the transition activities as a 'learning process' for all. It is a reminder that new territory is being experienced and goes a long way to explain the confusion and occasional chaos that will inevitably be present.
xii.	Set up periodic re-evaluations over the first 6 – 8 months that ensure problems are addressed long after the new organization is formed.

E.1.3 Core measurements to assimilation

Researchers have assessed that assimilation exists among new employees because we can measure assimilation on four primary benchmarks. These core

measurable aspects of new employee assimilation are: socioeconomic status, spatial concentration, language attainment, and intermarriage.

Hierarchical Status is defined by occupational attainment. If by new comers eventually catch up to the old people in terms of hierarchical positions over time there is cultural assimilation.

Spatial Concentration is defined by geography or residential patterns. **Decreasing residential concentration** for a particular ethnic group must be due to increasing professional attainment and higher generational status, signifies cultural assimilation.

Relationship preferences refer to the kind of interactions one would prefer to have with superiors, peers and sub-ordinates. In the European culture the power distance is less than in the Asian cultures. A European learning to follow the Asian style when posted to an Asian firm in Asia, he is assimilated to Asian culture.

Organizational commitment is defined as the ability to 'sail or sink' with the organization losing one's of individual agenda. It happens. In the first few years of one's joining a concern organizational commitment is less and has to be forced upon. Slowly after that a balance is effected. Then follows, after a period of 10-12 years of service, organizational interest stands out as the prime commitment. The employee is willing to work on holidays, including special holidays dear to the native custom of the employee. Religious festivals are not matter to remain home, if the organization demands one's time on those days also.

Declining coveted offers from other concerns is the stage of complete assimilation. The organization and the employee are becoming the two sides of the coin. One is wedded to the other. May be children are also encouraged to join the firm. Family members participate in organization special get together.

E.2. CULTURAL DIVERSITY

Cultural diversity is the variety of human societies or cultures in a specific region, or in the world as a whole. The term is also used to refer to multiculturalism within an organization. MNCs are known for cultural diversity of late. There is a general consensus among mainstream anthropologists that humans first emerged in Africa about two million years ago. Since then they have spread throughout the world, first into present Dravidian Area of south India and successfully to other places later well adapting to widely differing conditions and to periodic cataclysmic and metabolite changes in local and global climate. The many separate societies that emerged around the globe differed markedly from each other, and many of these differences persist to this day.

By analogy with biodiversity, which is thought to be essential to the long-term survival of life on earth, it can be argued that cultural diversity may be vital for the long-term survival of humanity; and that the conservation of indigenous cultures may be as important to humankind as the conservation of species and ecosystems is to life in general. The General Conference of UNESCO took this position in 2001, asserting in Article 1 of the Universal Declaration on Cultural Diversity that '...cultural diversity is as necessary for humankind as biodiversity is for nature'.

Cultural diversity is a driving force of development, not only in respect of economic growth, but also as a means of leading a more fulfilling intellectual, emotional, moral and spiritual life. This is captured in the seven culture conventions, which provide a solid basis for the promotion of cultural diversity. Cultural diversity is thus an asset that is indispensable for poverty reduction and the achievement of sustainable development, according to UN.

Cultural diversity is tricky to quantify, but a good indication is thought to be a count of the number of languages spoken in a region or in the world as a whole. By this measure, there are signs that we may be going through a period of precipitous decline in the world's cultural diversity. Research carried out in the 1990s by David Crystal (Honorary Professor of Linguistics at the University of Wales, Bangor) suggested that at that time, on average, one language was falling into disuse every two weeks. He calculated that if that rate of language death

were to continue, then by the year 2100 more than 90% of the languages currently spoken in the world will have gone extinct. This is the casualty caused by cultural assimilation. Overpopulation, immigration and imperialism (of both the militaristic and cultural kind) are reasons that have been suggested to explain any such decline.

E. 2.1 Cultural Exchanges and Uniqueness

Bordering nations/regions tend to have some cultural mixtures. Many regional cultures have been influenced by contact with others, such as by colonization, trade, migration, mass media and religion. India did not lose her cultural identity despite being under different rules for centuries by diverse religious lineage. That is Indian culture's uniqueness. Normally, if you have your own culture, there is less need for following other's culture. But, African culture, especially Sub-Saharan African culture has been shaped by European colonialism, and, especially in North Africa, by Arab and Islamic culture. This is **'Acculturation'** which means replacement of the traits of one culture with those of another, such has happened to certain Native American tribes and to many indigenous peoples across the globe during the process of colonization. This may also be called **'trans-culturation'.** Humanity is in a global 'accelerating culture change period', driven by the expansion of international commerce, the mass media, and above all, the human population explosion, among other factors. **Culture change** is complex and has far-ranging effects. India, in the advent of this century, reflects a very promising image for the future. It is not only one of the most lucrative regions in the world for foreign investments but also an emerging power in the global economy. In such a business scenario, the one thing that the Indian professionals need to open their minds to is 'Working in a Multi – Cultural Environment'. India has no difficulty in this as most of her professionals have studied/worked in overseas environment.

E.2.2 Cultural diversity and cultural heritage

The Universal Declaration of UNESCO on Cultural Diversity of 2001 is regarded as a legal instrument recognizing for the first time, cultural diversity as 'common heritage of humanity' and considers its safeguarding to be a concrete and ethical imperative inseparable from respect for human dignity.

The Convention for the Safeguarding of the Intangible Cultural Heritage ratified in June 20, 2007 by 78 States said: 'The intangible cultural heritage, transmitted from generation to generation is constantly recreated by communities and groups in response to their environment, their interaction with nature and their history, and gives them a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity'.

Cultural diversity was also promoted by the Montreal Declaration of 2007, and by the European Union. The idea of a global multi-cultural heritage covers several ideas, which are not exclusive. See multiculturalism. In addition to language, diversity can also include religious or traditional practice.

E.2.3 Defence or promotion of cultural diversity

The 'defence of cultural diversity', can take several meanings like, "Actions in favour of 'cultural minorities', Preservation of 'cultural minorities', Perpetuation of 'Cultural Protection like the French Exception' practised in several nations including India, 'Incorporating cultural rights provisions' and so on.

All this makes the link between the social vision of culture and vision of its commercial release. The cultural diversity protection highlights the specificity of cultural products and services. In this context, the objective is to defend against what is seen as a mindless unification to support fractions as they exist, through grants, promotion operation, etc. also known as cultural protectionism.

E.2.4 Cultural diversity and Cultural uniformity

Cultural diversity is presented as the antithesis of 'cultural uniformity'.

The disappearance of many languages and dialects, regarding for example the languages of France, without legal status or protection (Basque, Breton, Corsican, Occitan, Catalan, Alsatian, Flemish, Poitou, Saintonge, etc.) is a trend to be arrested. There are several international organizations that work towards protecting threatened societies and cultures, including Survival International and UNESCO. The UNESCO Universal Declaration on Cultural Diversity, adopted by 185 Member States in 2001, represents the first international standard-setting

instrument aimed at preserving and promoting cultural diversity and intercultural dialogue.

The European Commission-funded Network of Excellence on 'Sustainable Development in a Diverse World', known as 'SUS.DIV' builds upon the UNESCO Declaration to investigate the relationship between cultural diversity and sustainable development.

E.2.5 Business and Cultural diversity

Etiquette, manners, and cross cultural, or, intercultural communication have become critical elements required for all International and Global Business executives, managers, and employees. As international, multinational, transnational, multi domestic, and global business continues to expand and bring people closer, the most important element of successful business outcomes may be the appreciation and respect for regional, country, and cultural differences - known as cultural diversity.

The skills of proper etiquette, manners, and intercultural communication are also made web-surf materials of late. The International Business Etiquette and Manners website contains a wealth of information and resources that one can immediately apply during one's international business travels and overseas assignments. Even business school students appreciate the importance of understanding the uniqueness of cultures around the world and how to apply the skills of cultural understanding to become more successful in the global business environment.

Having insight into the cultural dynamics of a country or region can be very helpful to understand why people act the way they do, and the appropriate way one should act while in that country. Do's and Don'ts involving Dress, Clothing, Body Language, and Gestures (related to appearance), do's and don'ts involving Dining, Gift-giving, Meetings, Customs, Protocol and Negotiation (related to behavior), do's and don'ts involving Greetings, Introductions, and Conversation (related to communication) are important for employees in businesses, particularly the MNCs.

E.2.6 T&D and Culture

Employees need training in culture. Today MNCs and global scope concerns want cultural diversity respected. They press for multiculturalism. Perhaps UNESCO also wants this happen. Training and Development programs directed at creating finer sensitivity towards respecting cultural diversity are very much given utmost importance.

E.2.7 Approaches to Cultural Complexities by Businesses

Ethnocentrism, Regio-centrism, Poly-centrism and Geo-centrism are the different approaches to choose from. Depending on the level of international market penetration, different approaches may be adopted.

i. Ethnocentrism

Ethnocentrism involves no cultural adaptation even when you deal with aliens in home country or in the foreign countries. May be you deal more with more of your own ethnic groups and that it does not warrant adaptation or you feel confident that you should not lose your cultural identity or you feel that others will adapt to your culture which you feel very superior. The product may not need adaptation, but the communication might need adaptation. Sticking to ethnocentrism should not have any opportunity cost of foregone revenue. Hotel Saravanabava and many other south Indian ethnic restaurants function in foreign countries, especially in the Gulf, UK, USA and South East Asian nations. Their approach is purely ethnocentric, because *Idly or Idiappam or Vada* cannot be changed whether sold in Madras or Malaysia or Muscat or Madrid or Maryland. This is uni-culturalism or mono-culturalism as to 'core' aspect of the product. But as to communication aspect of the product adaptation is needed. That is cultural diversity.

ii. Regio-centrism

Regio-centrism involves cultural adaptation based on the regions served. Within a nation like India different culture prevails in different part. The beautiful temples of south India, easily identifiable by their ornately sculptured

surface, for example, are associated with a great many crafts and performing arts of the region as you'll see on your India Travel experience.

In the desert of Kutch, Gujarat, on the other hand, the local folk pit themselves against the awesome forces of nature. These people have made their lifestyles vibrant by a profusion of jewellery and ornamental embroidery used to adorn apparel and household linen.

In the extreme north is the high altitude desert of Ladakh, Local culture is visibly shaped by the faith - Buddhism - as well as by the harsh terrain. Nomadic life with sheep-rearing is followed.

Colourful lifestyles of the north-eastern states of Nagaland, Mizoram, Tripura, Manipur, Meghalaya and Sikkim with their tribal folk culture are another shade cultural diversity.

In the central Indian states of Orissa and Madhya Pradesh, tribal village life has resulted in a variety of artistically executed handicrafts, which you can see on your India Travel tour to Ina's north eastern states.

With over one billion citizens, India is the second most populous nation in the world. It is impossible to speak of any one Indian culture, although there are deep cultural continuities that tie its people together.

English is the major language of trade and politics, but there are 16 official languages in all. There are 24 languages that are spoken by a million people or more, and countless other dialects. India has seven major religions and many minor ones, six main ethnic groups, and countless holidays.

Religion is central to Indian culture, and its practice can be seen in virtually every aspect of life in the country. Hinduism is the dominant faith of India, serving about 80 percent of the population. Ten percent embrace Islam and five percent are Sikhs or Christians. The remainder (a good 55 million) are Buddhists, Jains, Parsis, Bahais, among others. Enjoy learning about the festivals, culture and cuisine of different communities on your India Travels.

This is semi-degree multiculturalism.

iii. Poly-centrism

Poly-centrism involves cultural adaptation based on requirement in a given context even within a region/nation. One-form of polycentrism is identifying with the local culture in entirety. This is a highly localized format. World-wide objectives may get sacrificed at the altar of fulfilment of localized goals. Another form is every outlet is polycentric in its offering. Much pluralism or adaptation is followed. High-star hotels have different cuisine to delight every taste bud. This may be costlier, but world-wide as well as localized objectives get realized. In due course, the local culture may start experiencing other options and this may reduce too much of varieties. **This is full degree multiculturalism.**

iv. Geo-centrism

Geo-centrism involves common offering to the whole world as the whole world is treated as one culture. Strong brand strength and superior corporate image make companies follow this approach. Pepsi or Coke follows this. Similarly, computer firms offer same models all over the world. This reduces cost due to scale advantages. Mobile handset companies do this. It must be noted that they have a range of offering, but it is same for all markets. This is perhaps 'acculturation', that is a negation of culture as such.

F. LEARNING STYLES

An employee's learning preferences and those of his/her instructor need to be aligned. When this occurs, not only is it fructifying for everyone, but also the communication process builds up and learning succeeds. Once a person knows his own natural learning preference, he/she can work on expanding the way he learns; so that he can learn in other ways, not just in his/her preferred style.

And, by understanding learning styles, one can learn to create an environment in which everyone can learn from the former.

F.1 TYPES OF LEARNING STYLES

One of the most widely used models of learning styles is the **Index of Learning Styles** developed by Richard Felder and Linda Silverman in the late 1980s. According to this model (which Felder revised in 2002) there are four dimensions of learning styles. Think of these dimensions as a continuum with one learning preference on the far left and the other on the far right.

Figure 1: Learning Styles Index

Sensory Sensory learners trust their external sense organs more to receive stimuli and then process. Sensory learners prefer concrete, practical, and procedural information. They look for the facts.	↔	**Intuitive** Intuitive learners trust their internal power of learning. More importance is given to intellect to receive stimuli and then process. They prefer conceptual, innovative, and theoretical information. They look for the meaning.
Visual Visual learners prefer to place things in drawing and value things more in the form of graphs, pictures, and diagrams. They look for visual representations of information. They are artists.	↔	**Verbal** Verbal learners prefer to hear or read information. They place value on words and numerals. Words heard or written are valued more than drawings. They look for explanations with words. They are fond of verbalism.
Active Active learners prefer to manipulate objects, do physical experiments, and learn by trying. They enjoy working in groups to figure out problems. They are more likely to be engineers	↔	**Reflective** Reflective learners are introverting more. They are contemplatives and prefer to think things through, to evaluate options, and learn by analysis. They enjoy figuring out a problem on their own. They are likely to be scientists.
Sequential Sequential learners prefer to have information presented	↔	**Global** Global learners prefer a holistic and systematic approach. They see the big

linearly and in an orderly manner. They put together the details in order to understand the big picture emerges.		picture first and then fill in the details. They process data quietly and draw the broad contours and contexts.

Once the trainee's learning style is known and his/her preferences are identified on each of the above dimensions, one can begin to stretch beyond those preferences and develop a more balanced approach to learning. Not only will one improve one's learning effectiveness, one will open oneself up to many different ways of perceiving the world.

F.2 Using the Learning Style Index

One can us the learning style index to develop one's own learning skills and also to help one create a rounded learning experience for other people.

a. Developing One's Learning Skills

Step 1: Identify one's learning preferences for each learning dimension. Read through the explanations of each learning preference and choose the one that best reflects one's style. Alternatively, use an Index of Learning Styles Questionnaire like the one at the end.

Step 2: Analyze one's results and identify those dimensions where one is 'out of balance', meaning you have a very strong preference for one style and dislike the other.

Step 3: For each out of balance area, use the information given below to improve one's skills in areas where you need development.

b. Bringing One's Learning Styles into Balance

Sensory Learners: If one relies too much on sensing, one can tend to prefer what is familiar, and concentrate on facts one knows instead of being innovative and adapting to new situations. One needs to seek out opportunities to learn theoretical information and then bring in facts to support or negate these theories.

Intuitive Learners: If one relies too much on intuition one may risk missing important details, which can lead to poor decision-making and problem solving. This may force oneself to learn facts or memorize data that will help one defend or criticize a theory or procedure one is working with. One may need to slow down and look at detail one would otherwise typically skim.

Visual Learners: If one concentrates more on pictorial or graphical information (diagrams, sketches, flow charts, and so on) than on words, one puts oneself at a distinct disadvantage because verbal and written information is still the main preferred choice for delivery of information. One needs to practice note taking and seek out opportunities to explain information to others using words.

Verbal Learners: If one can develop one's skills in the area of discerning information presented in diagrams, sketches, flow charts, and so on, one can significantly reduce time spent learning and absorbing information. Look for opportunities to learn through audio-visual presentations (such as CD-ROM and Webcasts.) When making notes, group information according to concepts and then create visual links with arrows going to and from them. Take every opportunity one can to create charts and tables and diagrams.

Active Learners: If one acts before one thinks one is apt to make hasty and potentially ill-informed judgments. One needs to concentrate on summarizing situations, and taking time to sit by oneself to digest information one has been given before jumping in and discussing it with others.

Reflective Learners: If one thinks too much one risks doing nothing ever. There comes a time when a decision has to be made or an action taken. Involve oneself in group decision-making whenever possible and try to apply the information one has in as practical a manner as possible.

Sequential Learners: If one breaks things down into small components one is often able to dive right into problem solving. This seems to be advantageous but can often be unproductive as one is forced to slow down and understand why one is doing something and how it is connected to the overall purpose or objective. Ask oneself how one's actions are going to help one in the long run. If one can't think of a practical application for what one is doing then stop and do some more 'big picture' thinking.

Global Learners: If one can grasp the big picture very quick, then one can be at risk of wanting to run before you can walk. One sees what is needed but may not take the time to learn how best to accomplish it. Take the time to ask for explanations, and force one-self to complete all problem-solving steps before

coming to a conclusion or making a decision. If one can't explain what one has done and why, then one may have missed critical details.

F.3. Creating a Rounded Learning Experience for Others

Whenever one is training or communicating with others, one has information and ideas that one wants them to understand and learn effectively and efficiently. One's audience is likely to demonstrate a wide range of learning preferences, and one's challenge is to provide variety that helps them learn quickly and well.

One's preferred teaching and communication methods may in fact be influenced by one's own learning preferences. For example, if one prefers visual rather than verbal learning, one may in turn tend to provide a visual learning experience for one's audience.

Be aware of one's preferences and the range of preference of one's audiences. Provide a balanced learning experience by:

Sensory - Intuitive: Provide both hard facts and general concepts.
Visual - Verbal: Incorporate both visual and verbal cues.
Active - Reflective: Allow both experiential learning and time for evaluation and analysis.
Sequential - Global: Provide detail in a structured way, as well as the big picture.

Learning styles and preferences vary for each of us and in different situations. By understanding this, and developing the skills that help one learns in a variety of ways, one make the most of one's learning potential. And because one is better able to learn and gather information, one will make better decisions and choose better courses of action. And by understanding that other people can have quite different learning preferences, one can learn to communicate one's message effectively in a way that many more people can understand. This is fundamentally important, particularly if one is a professional for whom communication is an important part of one's jobs. Take time to identify how one prefers to learn and then force oneself to break out of one's comfort zone. Once one starts learning in new ways one will be amazed at how much more one catch and how much easier it is to assimilate information and make sense of what is going on.

G. DEVELOPING BUSINESS LEADERS

As a company that does business in a variety of countries and regions around the world, it must recognize the importance of cultivating talented employees with leadership potential, as well as an international outlook and appreciation for diverse cultures and working environments. Dynamic global competition is creating a revolution in the way successful companies do business. Empowering rather than overpowering is the way peak performing companies win the hearts and minds of their people and maximize their potential. When members at all levels of an organization learn to trust one another and work together as a team, they can produce the quality of goods and services needed to be competitive. To empower people, leaders who would empower rather than overpower people are needed. Because change is inevitable, organizations clinging to old ways of leadership and management will not continue to prosper for long. A new way of leadership is needed. Developing leaders and organizations to their full potential is thus needed. Grooming both the supervisors and executives is needed to develop leadership capabilities of the organization.

Effective Supervisory Management: Most supervisors lack the leadership skills necessary to fulfill their positions, like failing to delegate or recognize talents. Many supervisors find themselves working long hours and fighting burn-out. Effective Supervisory Management program will help them to:

Motivate people to higher level of productivity	Handle & prevent problems with people
Exercise authority effectively	Get more done through time management
Learn the art of delegation and direction	Develop the potential of employees

Effective Management Development: Every organization needs good management. Dynamic managers excel in people skills and the ability to create a motivational environment. Effective managers make good decisions at the right time and then take action. Effective Management Development program will help managers to:

Assume leadership responsibility	Develop a written specific Action Plan for success
Manage by goals	Balance authority and power productively
Empower other people	Get results through time management

Effective Personal Leadership: All individuals within an organization take on significance as they represent the organization to the outside world and as they interact within the organization. Their personal motivation and self-image are key to how they perform, respond, and lead. Effective Personal Leadership program helps people to:

Realize their potential for personal leadership through building on strengths and improving self-image	Increase self-motivation by altering attitudes, behaviors, and habits
Make choices for success by overcoming past conditioning	Develop a written and specific Plan of Action for success

Effective Motivational Leadership: As the world of business has changed and evolved, the need for effective leaders has skyrocketed. For businesses to become truly empowered and innovative enterprises, they must develop leaders throughout the entire organization. Effective Motivational Leadership program will help leaders:

Understand what it takes to become an effective motivational leader	Lead organizational change and innovation
Build and communicate your vision for the future	Prepare the organization for leading creativity
Create winning teams for the 21st Century	Create an organization of leaders

Leadership training in ICICI

ICICI Fellows is a social leadership program. The program nurtures the leader in a person by enabling the person to envision a future, mobilize people, thoughts and resources to create a brand new India. A comprehensive leadership program which has the right balance of management training, experiential learning and personality development is imparted. A 2 year intensive, experiential learning program equips a person to take on any professional challenge. It will bring about a 360 degrees change in the way the person think about the world, challenge your existing belief systems and redefine your ideologies.

ICICI Fellows is structured to have 3 tightly interlinked components.

Management Training of ICICI
The fellowship will commence with a one month management training program designed by Institute of Financial Management & Research (IFMR), one of the

leading business schools in India. The principles learnt here will then be applied to development issues in a real world classroom - amidst the Niligiri Hills in South India.
Experiential Learning in ICICI T&D
As the entire program is designed to gain a true pulse of the country, there are many modules which focus on experiential learning.
After the management training the person will be deployed with a leading NGO in a managerial capacity anywhere in India, to gain a deeper understanding of rural sensitivities of the country. Here, the person will work closely with an experienced team of senior professionals from the organization on various issues faced by the local community. Every 6 months a person will join other ICICI Fellows on a journey to far and wide corners of India - in the North east, amidst the Himalayas and in the Thar Desert. These outward journeys will bring the person close to his/her inner self. And this will bring about an unfathomable self transformation.
Personal Development & Mentoring in ICICI T&D
At the beginning of the program, a person will be assigned a personal coach for a period of 2 years. The coach will interact with the person and the latter will be deployed with a leading NGO in a managerial capacity anywhere on a fortnightly basis helping you put together a personal development plan, enabling you to achieve it and helping you overcome roadblocks in between. To shape the leaders in you, you will also be mentored regularly by senior professionals from the organization.

Leadership Training Practice and Experience of Sony is presented here in order to present a real case situation for better appreciation.

SONY Job Rotation Project

Realizing this in fiscal year 2008, Sony Corporation appointed 13 global talent directors from among its regional human resources managers. Global talent directors are charged with identifying promising individuals in all businesses and regions and developing them into future business leaders. To this end, it launched a job rotation project. As of March 31, 2009, 31 individuals were participating in this project, moving through a schedule of job assignments designed to give them exposure to a variety of businesses and regions. Through this project, Sony Corp. aims to facilitate optimal placement of its human

resources from a global perspective. The project is also helping to foster a pool of individuals with the breadth of experience and network of contacts required of global business leaders.

Sony Europe External Social Enterprises Training

Sony Europe has continued to promote its development program for future leaders since 2006. The program requires managers of high potential to work on a project supporting external social enterprises (public interest organizations) that are addressing issues such as education and the environment. The program was particularly beneficial from the standpoint of giving participants the chance to learn through their experiences in dynamic projects with a social focus. At the same time, it also presented an opportunity to evaluate Sony's future generation of leaders while they worked in a completely new environment. The program has earned extremely high praise for allowing social enterprises to receive the benefit of Sony's expertise and business know-how on supply chains and other issues. As of April 2009, Sony was working with six social enterprises on eight projects.

Pan-Asia Sony Coordinated Management Skills

A series of training programs focusing on leadership and management skills is on-going. With the aim of fostering business leaders of the future, for example, in fiscal year 2007 Sony introduced management skills training for department managers in Sony Group sales companies. In fiscal year 2008, Sony Group companies in Asia also took steps to enhance their management training programs, including launching an MBA-based training system, and also provided training in leadership and management skills for key personnel. Through leadership and management skills training, these companies continue to work toward the establishment of a coordinated management skills training system targeting future leaders within the region and from around the world.

Sony (China) concentrates on Interdepartmental Communication

Sony (China) continues to offer the Sony China Europe International Business School (SCEIBS) Management Development Program, an MBA-based course launched by the company in 2000. The CEIBS program is designed to develop leaders and middle management level employees and contributes to the

creation of a foundation for interdepartmental communication, as well as an environment conducive to the development of local leaders.

Sony (China) also offers Chinese employees working at Sony Group companies in Japan the opportunity to work for the Sony Group in China when they return home, as well as offering employees of the Sony Group in China the chance to hone their skills by dispatching them to Japan, the United States or Singapore for a fixed period of time to pursue further training. Through such initiatives, Sony continues to foster core human resources with international perspectives and experiences that will play a key role in Sony's growing business in China.

Nurturing Engineering Talent by Sony thro' Distinguished Engineer (DE) recognition and Community activities

In recent years, Sony has implemented a variety of measures aimed at ensuring Sony's reputation for technological excellence. In fiscal year 2003, Sony established the Sony MVP award, which honours individual employees who have applied specialized technology and knowledge to create enhanced value for Sony, and which is designed to help motivate employees to pursue greater challenges and achievements. In fiscal year 2008, 28 employees from Sony Group companies around the world were certified as MVPs, bringing the cumulative total of employees so recognized to 178 from fiscal year 2003. In fiscal year 2006, Sony introduced the special designation of **Distinguished Engineer (DE)** to acknowledge individual engineers who have played instrumental roles in the development of Sony's core technologies.

Sony has **launched "Community" activities,** in which engineers participate in free discussions with other engineers from across the organization involved in similar technical fields. These activities are founded on the 'Three Values' of improving Sony's technical standards, realizing a Sony United where technology transcends organizational structures, and fostering the next generation of technical experts.

During 'Engineer month', held in December 2007 in conjunction with 'T-Week', Sony Group engineers got together to share ideas. Sony DEs also held **'DE Sessions'**, in which they shared information on the latest technological

developments from both inside and outside the Sony Group and explained and discussed exciting technical innovations. Furthermore, through such regular events as workshops featuring participants from around the world and in-house advanced technology seminars hosted by DEs, Sony is striving to nurture human resources over the medium to long term from an engineering perspective. Additionally, from fiscal year 2007 DE community-driven technical medium- and long-term proposals have been incorporated into R&D plans, a practice that has played a crucial role in advancing technological expertise at Sony.

People Capability Maturity Model

People Capability Maturity Model (short names: People CMM, PCMM or P-CMM) is a maturity framework that focuses on continuously improving the management and development of the human assets of an organization. It describes an evolutionary improvement path from ad hoc, inconsistently performed practices, to a mature, disciplined, and continuously improving development of the knowledge, skills, and motivation of the workforce that enhances strategic business performance.

The People Capability Maturity Model (People CMM) is a framework that helps organizations successfully address their critical people issues. Based on the best current practices in fields such as human resources, knowledge management, and organizational development, the People CMM guides organizations in improving their processes for managing and developing their workforces. The People CMM helps organizations characterize the maturity of their workforce practices, establish a program of continuous workforce development, set priorities for improvement actions, integrate workforce development with process improvement, and establish a culture of excellence.

The People CMM consists of five maturity levels that establish successive foundations for continuously improving individual competencies, developing effective teams, motivating improved performance, and shaping the workforce the organization needs to accomplish its future business plans. Each maturity level is a well-defined evolutionary plateau that institutionalizes new capabilities for developing the organization's workforce. By following the maturity framework, an organization can avoid introducing workforce practices that its employees are unprepared to implement effectively.

People CMM helps organizations to

Characterize the maturity of their human resource practices
Set priorities for improving the competence of its work-force
Integrate competence growth with process improvement
Establish a culture of workforce excellence
Become an employer of choice

P-MMM 5 STAGES

Stage 5: Continuous workforce Innovation, Organized Performance alignment, Continuous Capability Improvement	Optimizing – Continuous Improvement. The key process areas at Level 5 cover the issues that address continuous improvement of methods for developing competency, at both the organizational and the individual level
Stage 4: Mentoring Organizational capability management Quantitative Performance Management Competence based Assets Empowered work groups Competence integration	Predictable Performance – Empower and Integrate workforce competencies, manage quantitatively. The key process areas at Level 4 focus on quantitatively managing organizational growth in people management capabilities and in establishing competency-based teams
Stage 3 Participatory culture work group development Career development Competency development Workforce planning Competency analysis	Defined Performance – develop work force competencies and work groups, align with business strategy. The key process areas at Level 3 address issues surrounding the identification of the organization's primary competencies and aligning its people management activities with them
Stage 2 Compensation T&D	Managed performance- Manager takes responsibility for managing and developing their people. The key process areas at Level

Performance management Work environment Communication and coordination Induction	2 focus on instilling basic discipline into workforce activities
Stage 1 Recruitment	Initial – Workforce practices without impact analysis.

QUESTIONS

1. Give an Overview of Training and Development in the present context.
2. Explain the practices in Global HR Training and Development (T&D).
3. Discuss the Relevance of Training and Development in today's context.
4. Explain the Areas and Types of Training for operatives.
5. Explain the Areas and Types of Training for supervisors.
6. Explain the Areas and Types of Training for executives.
7. What are Standard Vs Tailor Made Training programs? Assess each.
8. What is Cultural Assimilation? How is it good or bad?
9. Present the need for Cultural diversity and how T&D help this being achieved.
10. Explain the different Learning Styles and their on Training and Development
11. Explain the methods of Leadership Training followed in MNCs.
12. Explain People Capability Maturity Model as a method of developing leaders.
13. What are multiple management and understudy programs?
14. Give an account of training given in certain corporate houses

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UNIT VI
GLOBAL HR RELATIONS MANAGEMENT

Syllabus Covered: HR Relations Management- Labour Relations in the international Arena- US, Japanese, UK, Asian and European Approaches to Labour Relations- Role of Strategic Management of International Labour Relations.
The Objectives of the lesson are to present: i. An overview of evolution of Human Relations in Industry ii. Theoretical Perspectives on Labour Relations iii. Labour Relations Machinery and Process of Dialogue and Settlement iv. Labour Relations in the USA v. Labour Relations in Japan vi. Labour Relations in the UK vii. Labour Relations in Asia viii. Labour Relations in Europe ix. Role of Strategic Management of International Labour Relations.

The world is built on relations which manifest in trust, respect, devotion, understanding, compassion, mercy and so on. Relations between stakeholders are important for sanguine performance and superior growth. In the industry, business, firms and plants employees, employers, executives, operatives and their associations/unions interplay for pulling the entity into planned performance trajectory. There could emerge genuine or surreal feelings of mistrust, disrespect, detachment, coldness or vengeance havocking the common goal. The administrative machinery may go out of gear; the fabric of oneness-feeling may get torn; no one sees the other eye-to-eye. It is here the relevance of relations count. Good relations prevail when good sense prevails. Organizations are like homes anyway. Without organizations that provide opportunities for trading one's abilities for livelihood and luxury-hood, homes cannot find happiness. There is mutual relationship between 'home and firm' and every stakeholder must understand this.

A. AN OVERVIEW OF INDUSTRIAL RELATIONS

Organizations as human systems need quality relations that enhance work experience. Industrial relations world over has seen many troughs and peaks.

Labour Relations to Counter Scientific Management: Late 1890s saw the development of Scientific Management propounded by F.W.Taylor which placed great stress productivity, speed, time study, motion study, differential pay based on productivity, separation of mental and physical work between management and workers and other scientific ways to achieve higher production. Labour resisted the same in the form of soldiering. Labour relations movement developed as a counterpoint to the Scientific Management. Labour relations movement believes that workers want to feel part of a team with socially supportive relationships and to grow and develop. Motivation, communication, employee participation, and leadership are significant issues. **Labour relations are multi-faceted and have many different aspects economic, legal, cultural, gender-related, ethnic, etc**

A labour process view: Labour relations by definition revolve around the labour process, i.e. the process in which labour power (the worker's potential to work) is converted into labour (the actual work done). This process may be based on economic or extra-economic relations. It may also be part of an intricate web of subcontracting arrangements operating within and beyond national boundaries. The articulation of multiple forms of labour processes with local structures is often mediated by local cultures, which may be based on a combination of caste, class, religion, race and gender. The subjective experiences and consciousness of workers are therefore shaped by these articulations.

Concept of Labour or Industrial Relations: The field of labour relations (also called industrial relations) looks at the relationship between management and workers, particularly groups of workers represented by a union and relations between groups of labour. Labour relations can take place on many levels, such as the 'shop-floor', the regional level, and the national level. The distribution of power amongst these levels can greatly shape the way an economy functions. In recent years the term workplace relations has become very common. Labour relations also address issues of ability to adapt to change and reaction of employees to organizational changes like technology, process, work hours, facilities, perks, compensation, union recognition, operations, economy, politics or policy. All over the world, Governments set the framework for labor relations through legislation and regulation. There is an international dimension too with labour unions having international affiliations and International Labour

Organization (ILO) of the UNO having a say on global laws and practices governing labour welfare and rights. Now the World Trade Organization also has a say on global labour welfare, policy and rights through its provisions of labour standards.

Theoretical Perspectives on Labour Relations

There are three major theoretical perspectives or frameworks of labour relations, namely, **'Unitarianism, pluralist and radical'** that contrast understanding and analysis of workplace relations.

In **Unitarianism approach** the organization is perceived as an integrated and harmonious whole with the ideal of 'one happy family', where management and other members of the staff all share a common purpose, emphasizing mutual cooperation. Furthermore, unitarianism has a paternalistic approach where it demands loyalty of all employees. It is predominantly managerial in its emphasis and application. Consequently, trade unions are deemed as unnecessary since the loyalty between employees and organizations are considered mutually exclusive, where there can't be two sides of industry. Conflict is perceived as disruptive and the pathological result of agitators, interpersonal friction and communication breakdown.

In **Pluralist approach** the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralistic perspective are the **'management'** and **'trade unions'**. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees, conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing. This approach encourages employers and trade unions to take a positive and constructive approach to industrial relations. It supports the introduction and use of consultation and negotiation procedures to resolve disputes which may arise in individual employments. The parties to an industrial dispute should only resort to the legally approved means of dispute settlement when local procedures have been exhausted and when every effort has been made to resolve the issue in dispute within the undertaking concerned

The **Radical approach** of industrial relations looks at the fundamental division of interest between capital and labour, and sees workplace relations against this history. This perspective sees inequalities of power and economic wealth as having their roots in the nature of the capitalist economic system. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital. The approach presumes that continuation of capitalism challenges employees' power and wealth and wants an alternative to capitalism at its extreme posture.

Relevance of Good Labour Relations

Good industrial relations promote industrial peace and assist employers and trade unions to identify industrial relations problems and to investigate the same to secure appropriate solutions to them. Good relations help evolve and adopt Code of Practice on Dispute Procedures, especially in undertakings providing essential services. Tranquility of industrial life without any strife between management and labour is essential for overall goodness positively contributing to production, productivity, performance, profit, profitability, pay, perks, promotion and pension benefits. A vitiated climate affects, everything and there rises only lockouts, lay-offs, loss of work-days, loss of jobs, loss of production and so on. On the whole the economy and national pride can be made or marred by labour relations.

Labour Relations Machinery and Process of Dialogue and Settlement

Nations have much machinery for labour relations. There could be much such machinery functioning under a Ministry of Labour. There are also National Labour Commissions in many nations. There is a plethora of labour legislations providing for certain minimum welfare, wage, etc and also providing for means of settlement of labour relations issues. These bodies individually and collectively vie for 'Promoting the development and improvement of industrial relations policies, procedures and practices through the provision of appropriate, timely and effective services to employers, trade unions and employees'. Conciliation Service, Advisory and Research Services, Labour/Employer Rights & Responsibilities Service, Workplace Mediation Service etc. are certain important services rendered by these bodies.

The national and international labour relations legislations provide for alternative measures for prevention and settlement of disputes between management and labour.

Conciliation is a process by which a trade union or an employer can ask the Ministry of Labour for help in resolving their differences so that they can reach a collective agreement. Either party may apply to the Ministry. If parties are in negotiations, conciliation is mandatory in the sense that the parties must use the government's conciliation services before they can get into a position to engage in a strike or lock-out.

Arbitration is a quasi-judicial process in which a disinterested third-party (an arbitrator or arbitration board) hears evidence presented by both the union and the employer on issues in dispute, and hands down a binding decision. The arbitrator performs a function similar to a judge or court by making a binding decision resolving the matters in dispute between the parties.

Collective agreement is a written contract of employment covering a group of employees who are represented by a trade union. This agreement contains provisions governing the terms and conditions of employment. It also contains the rights, privileges and duties of the employer, the trade union and the employees.

Grievance arbitration, also known as **rights arbitration**, is a mechanism to resolve disputes about the interpretation and application of a collective agreement during the term of that collective agreement.

Collective bargaining is a process in which a trade union and an employer negotiate a first collective agreement or the renewal of a previous collective agreement. In this process, the parties usually focus on such issues as wages, working conditions, grievance procedures and fringe benefits. If a trade union has just been certified, it will then give the employer written notice of its desire to bargain. If the employer and the union are already bound by a collective agreement, then either party may give notice to bargain within the 90 days before the agreement is due to expire, or during any other time period specifically set out in the agreement. In either case, the union and the employer

must meet within 15 days from the giving of notice, unless they agree to some other time period.

B. LABOUR RELATIONS IN INDIA

Indian Labour Relations are highly legalized. There are a number of legislations. There are number of trade unions. The Trade Unions Act of 1926 provided recognition and protection for a then nascent Indian labour union movement and the number of unions grew considerably after independence, but most unions are small and usually active in only one firm. Union membership is concentrated in the organized sector, and in the early 2000s total membership was about 10 million, out of 28 million in employment in that sector.

Many unions are affiliated with regional or national federations like Indian National Trade Union Congress (INTUC), All India Trade Union Congress (AITUC), Centre of Indian Trade Unions (CITU), Hind Mazdoor Sabha (HMS), and Bharatiya Mazdoor Sangh(BMS). Politicians have often been union leaders, and some analysts believe that strikes and other labour protests are called primarily to further the interests of political parties rather than to promote the interests of the work force.

The isolated, insecure, and exploited labourers in rural areas and in the urban unorganized sectors present a stark contrast to the position of unionized workers in many modern enterprises. The strength of unorganized sector employees is about 370 million (about 93% of total employed). Of this, 237 million workers are in the agricultural sector and 17 million are engaged in construction sector. Remaining 156 million workers are engaged in mining, manufacturing and services sector. On account of their unorganized nature, these workers do not get adequate social security and welfare.

Estimates of bonded agricultural labourers were of the order of 10% to 20%. The Constitution, as interpreted by India's Supreme Court, and a 1976 law prohibit bonded labour. But quite periodically media 'excavate' and show many are under bonded labour state and Implementation of the prohibition, however, has been inconsistent in many rural areas.

Many in the urban unorganized sector are self-employed labourers, street vendors, petty traders, and other services providers who receive little income.

Along with the unemployed, they have no unemployment insurance or other benefits.

Welfare measures for unorganized labourers: Some welfare schemes are being implemented by the Central & State Governments for certain specific occupational groups of unorganized sector workers such as beedi workers, non-coal mine workers, cine workers, handloom weavers, fishermen, etc. These are apart from the National old Age Pension Scheme and National Rural Health Mission. Some of the State Governments have also been implementing welfare programs for certain categories of the unorganized sector workers. Some NGOs are also providing social security to certain categories of workers. Despite all these efforts, there is a deficit in the coverage of the unorganized sector workers in the matter of labour protection and social security measures.

National Commission for Enterprises in the Unorganized Sector (NCEUS) was set up in September 2004 as an advisory body and as a watchdog for the unorganized sector. The Commission has recommended providing for basic and minimum conditions of work for all unorganized wage workers and home workers. Instead of relying on bureaucratic implementation and costly and time consuming legal redressal procedures, the Commission has accorded priority to conciliation and has proposed the participation of workers' representatives and elected representatives of the local bodies in the conciliation and dispute resolution committees. Necessary steps to protect and promote the livelihoods of these workers through appropriate policies and programs are essential. In a significant move the Union Cabinet on 24th May, 2007 gave its approval for social security for the unorganized sector workers. The schemes notified by the Central Government will contain provisions for: (a) life and disability cover; (b) health benefits; (c) old age protection; or (d) any other benefit as decided by the Central Govt.

Labour Laws may be classified under the heads of (i) **Industrial Relations, (ii) Wage and Salary, (iii) Working Hours, Conditions of Service and Employment, (iv) Equality and Empowerment of Women, (v) Deprived and Disadvantaged Sections of the Society and (vi) Social Security.**

I. **Laws related to Industrial Relations**
Trade Unions Act, 1926: Deals with formation, recognition, powers, responsibilities and activities of trade unions in the nation.
Industrial Employment Standing Order Act, 1946: Deals with (i) Medical aid in case of accident; (ii) Railway travel facilities; (ii) Method of filling vacancies; (iv) Transfers; (v) Stoppage of work and re-opening; (vi) Service certificate; (vii) Display of notices; (viii) Payment of wages; (ix) Shift working; (x) Attendance; (xi)Absence from place of work; (xii) Festival holidays and leave; (xiii) Disciplinary action for misconduct.
Industrial Disputes Act, 1947: The Industrial Disputes Act, 1947 that came into existence in April 1947 was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers. The Act contains 40 sections divided into 7 chapters. Reference of disputes to Labour Courts and Industrial Tribunals, procedure, power and duties of the authorities constituted under the Act, provisions to prohibit strikes and lock-outs, declaration of strikes and lock-outs as illegal, and provisions relating to lay-off and retrenchment and closure, provisions of various penalties under the Act are important ones.
Industrial Relations Act, 1990: The Labour Relations Commission was established on 21 January, 1991 under section 24 of the Industrial Relations Act, 1990. The Labour Relations Commission refers cases to the Labour Court on the basis that 'no further efforts on (The Commission's) part will produce a settlement'.
II. Laws related to Wage & Salary
Payment of Wages Act, 1936: The regular and timely payment of wages (on or before 7th day or 10th day after last day of the wage period in respect of which the wages are payable) and preventing unauthorized deductions being made from wages and arbitrary fines are important provisions.
Minimum Wages Act, 1948: It provides for fixing minimum rates of wages in certain employments. A basic rate of wages with or without a special allowance for cost of living changes may be fixed. The Government can revise the rate every 5 years.
Payment of Bonus Act, 1965: The Act provides that every person (other than an apprentice) drawing salary up to a prescribed amount is eligible to draw a Minimum bonus of 8.33% of salary/wages earned or RS 100 whichever is higher and if allocable surplus exceeds the amount of minimum bonus, then

bonus shall be payable at higher rate subject to a maximum 20% of salary/wages.
III. Laws related to Working Hours, Conditions of Service and Employment
Factories Act, 1948: Regulates health, safety, welfare and other working conditions of workers in factories. It is enforced by the State Governments through their factory inspectorates. The Directorate General Factory Advice Service & Labour Institutes (DGFASLI) functions as a technical arm of the Ministry for co-coordinating matters concerning safety, health and welfare of workers in the factories with the state governments while being directly responsible for administering the provisions of Dock workers (Safety, Health & Welfare) Act, 1986. DGFASLI conducts training, studies and surveys on various aspects relating to safety and health of workers through the Central Labour Institute in Mumbai and three other Regional Labour Institutes located at Calcutta, Chennai and Kanpur. One more Regional Labour Institute is being set up at Faridabad.
Mines Act, 1952: Provides for measures for the health, safety and welfare of workers in the coal, metalliferous and oil mines. For giving effect to various provisions in the Mines Act and the rules and regulations framed thereunder, the Directorate General of Mines Safety conducts inspections and inquiries, issues competency tests for the purpose of appointment to various posts in the mines, organizes seminars/conferences on various aspects of safety of workers. The overall emphasis on the activities of DGMS is to contain the number of accidents in mines.
Dock Workers (Safety, Health & Welfare) Act, 1986: Contains provisions for the health, safety and welfare of workers working in ports/docks and is administered by Director General, FASLI as the Chief Inspector. There are inspectorates of dock safety at all major ports in India viz. Calcutta, Mumbai, JN Port Trust, Chennai, Visakhapatnam, Paradip, Kandla, Mormugao, Tuticorin, Cochin and New Mangalore. The overall emphasis in the activities of the inspectorates is to contain the accident rates and the number of accidents at the ports.
Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996: This is an important Act with the ever rising employees in this sector. Now the employees get better than the rest, besides it provides for safety and security.
There are other specific Acts **like Plantation Labour Act, 1951, Working**

Journalists and other Newspaper Employees' (Conditions of Service and Misc. Provisions) Act, 1955, Merchant Shipping Act, 1958, Motor Transport Workers Act, 1961, Beedi & Cigar Workers (Conditions of Employment) Act, 1966, Contract Labour (Regulation & Abolition) Act, 1970, Sales Promotion Employees Act, 1976, Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
IV. Laws related to Equality and Empowerment of Women
Equal Remuneration Act, 1976: Wage differential on the basis of gender or race or caste or community is prevented.
Maternity Benefit Act, 196: Regulates employment of women before and after child birth and provides for 12 weeks maternity leave, medical bonus and certain other benefits. The Act is not applicable to the employees covered under the ESI Act, 1948.
V. Laws related to Deprived and Disadvantaged Sections of the Society
Bonded Labour System (Abolition) Act, 1976: Prevention of bonded labour, Freeing of bonded labour from the clutches of the in-human employers, and related issues the thrust.
Child Labour (Prohibition & Regulation) Act, 1986: Prevention of children aged below 14 years in employment.
Children (Pledging of Labour) Act, 1933: Prevention of bonded labour of children is the goal of this Act.
VI. Laws related to Social Security
Workmen's Compensation Act, 1923: Workmen's Compensation Act, 1923 provides for compensation to workmen or their survivors in cases of industrial accidents and occupational diseases, resulting in disablement or death. The compensation in case of death ranges from Rs. 50,000 to Rs. 2.28 lakh and in the case of permanent total disablement from Rs. 60,000 to Rs. 2.74 lakh.
Employees' State Insurance Act, 1948: Provides for health care and cash benefits in cases of sickness, maternity and employment injury. ESI Scheme is operational in 642 centres in the State/Union Territories. The health and medical care facilities are provided to the workers through a network of 134 hospitals, 43 annexes and 1452 dispensaries located throughout the country. Central Govt formulates the Scheme, and provides 7/8th of the total expenses, while the State Government contributes 1/8th of the total expenses.
Employees' Provident Fund & Miscellaneous Provisions Act, 1952: Employees' Provident Fund & Miscellaneous Provisions Act, 1952 is applicable

to 177 industries/classes of establishments employing 20 or more workers. The wage ceiling for coverage is Rs. 5,000 per month. About 22 million workers are presently covered under the Act. The benefits available to the workers include the provident fund, employees deposit linked insurance and the pension to the workers and their families. The Provident Fund, Pension Fund & Deposit Linked Insurance Fund are administered by the Employees Provident Fund Organization under the overall supervision and direction of the Central Board of Trustees and Committees there-under.
Payment of Gratuity Act, 1972: Provides for payment of gratuity @ 15 days' wages for every completed year of service or part thereof, in excess of seven months. The maximum amount of gratuity payable under the Act was raised from time to time and is applicable to all employees irrespective of wage/salary level.

C. INDUSTRIAL RELATIONS: APPROACH AND STATUS IN THE USA

The Government and Industry give importance for industrial relations. As early as 1935, the National Labor Relations Board was established as an independent federal agency to administer the **National Labor Relations Act,** (NLRA) **the primary law governing relations between unions and employers in the private sector**. The National Labor Relations Act extends rights to most private sector employees and their employers. The statute guarantees the right of employees to organize and to bargain collectively with their employers, and to engage in other protected concerted activity with or without a union, or to refrain from all such activity.

Healthy relationship between private-sector workers and their employers: Congress approved the National Labor Relations Act in 1935 to encourage a healthy relationship between private-sector workers and their employers, which policy makers viewed as vital to the national interest. The NLRA was designed to curtail work stoppages, strikes and general labor strife, which were viewed as harmful to the U.S. economy and to the nation's general well-being.

Rights to Employees: Employees covered by the NLRA are protected from employer and union discrimination, also known as unfair labor practices. Employees also have the right to refrain from engaging in these activities or to

seek removal of a union from the workplace. The NLRA extends many rights to workers as detailed below in table.

To self-organization.
To form, join, or assist labor organizations.
To bargain collectively for wages and working conditions through representatives of their own choosing.
To engage in other protected concerted activities with or without a union, which are usually group activities (two or more employees acting together) attempting to improve working conditions, such as wages and benefits.
To refrain from any of these activities. (However a union and employer may, in a State where such agreements are permitted, enter into a lawful union-security clause).

The Act protects non-union and union employees against employer and union discrimination based on union-related activities or other protected concerted activities.

Members of labor unions enjoy '**Weingarten Rights'.** If management questions the union member on a matter that may lead to discipline or other changes in working conditions, union members can request representation by a union representative. Weingarten Rights are named for the first Supreme Court decision to recognize those rights.

Highly developed system for private, third-party arbitration: In the USA, there is a highly developed system for private, third-party arbitration. Unions have long sought such provisions, but employers resisted, agreeing generally only in return for 'no-strike' clauses in contracts. Working conditions, unfair treatment, and specific complaints are usually handled through the union grievance system, which requires written complaints from workers. New issues are becoming important in the US workplace, such as provision of day care, parental leave, and flexible working hours.

Rights to Employers: The NLRA also extends rights to employers, protecting commercial interests against unfair actions committed by labor organizations, and extends rights to labor organizations, protecting organizational and collective-bargaining representative interests against unfair actions committed by employers. Employees, who are not in a union or part of a recognized

bargaining unit, and deemed to be employed "at-will" may be fired, suspended, transferred, demoted, or otherwise disciplined by their employer for any reason, provided the employer's conduct does not violate the NLRA, which would be considered an "unfair labor practice", or another federal or state statute.

Rights to Unions: Labour Unions are protected by the NLRA from unfair labor practices, and guaranteed the right to organize, or attempt to form a bargaining unit in private sector workplaces covered by the Act. Unions, chosen as employee representatives, are entitled to engage in collective bargaining with an employer on behalf of employees to modify their wages and other working conditions. Once the union has won the support of a majority of the bargaining unit and is certified in a workplace, it has the sole authority to negotiate the conditions of employment.

Investigates unfair labor practice by NLRB: The NLRB investigates unfair labor practice allegations made by employees, unions and employers. Union members or employers who desire to file an unfair labor practice charge should first contact an Information Officer at the Agency's regional office in the jurisdiction of the workplace where the alleged violation occurred, for more information about the process, and whether the alleged violation falls within the NLRB's jurisdiction. Speaking with an Information Officer first can avoid delays and mistakes when filing charges. The Act provides that allegations of unfair labor practice violations must be filed and served within 6 months of the alleged violation.

AFL-CIO - Large Labour Organizations in USA: The American Federation of Labor and Congress of Industrial Organizations, commonly AFL-CIO, is a national trade union center, the largest federation of unions in the United States and Canada, made up of 56 national and international unions, together representing more than 11 million workers (as of June 2008, the most recent official). It was formed in 1955 when the AFL and the CIO merged after a long estrangement. From 1955 until 2005, the AFL-CIO's member unions represented nearly all unionized workers in the United States. The largest union in the AFL-CIO is the American Federation of State, County and Municipal Employees (AFSCME), with more than a million members, since 2005 when several large unions split away from AFL-CIO.

The AFL-CIO is a federation of international labor unions. As a voluntary federation, the AFL-CIO has little authority over the affairs of its member unions except in extremely limited cases (such as the ability to expel a member union for corruption (Art. X, Sec. 17) and enforce resolution of disagreements over jurisdiction or organizing). As of June 2008, the AFL-CIO had 56 member unions.

Membership in the AFL-CIO is largely unrestricted. Since its inception as the American Federation of Labor, the AFL-CIO has supported an image of the federation as the 'House of Labor'—an all-inclusive, national federation of "all" labor unions. Currently, the AFL-CIO's only explicit restriction on membership excludes those labor unions whose 'policies and activities are consistently directed toward the achievement of the program or purposes of authoritarianism, totalitarianism, terrorism and other forces that suppress individual liberties and freedom of association...' (Art. II, Sec. 7).

Under Art. II, Sec. 4 and Sec. 8, the AFL-CIO has the authority to place conditions on the issuance of charters, and formally has endorsed the policy of merging small unions into larger ones. In 2001, the AFL-CIO formally established rules regarding the size, financial stability, governance structure, jurisdiction, and leadership stability of unions seeking affiliation.

In the United States there are a total of 15.4 million union members, '11 million of whom belong to unions affiliated with the AFL-CIO'. This number has grown rapidly since the beginning of the union movement because today, all individuals with different occupations are welcomed to join unions. 'Today's unions include manufacturing and construction workers, teachers, technicians and doctors—and every type of worker in between. No matter what you do for a living, there's a union that has members who do the same thing'. Educating union members about issues that shape lives of functioning families on a daily basis is one of the AFL-CIO's policies. They give them confidence to have their voices heard for political purposes.

This AFL-CIO alliance is made up of 56 nationwide and intercontinental labor unions. The unions which are a part of this alliance are composed of 2.5 million working Americans and 8.5 million other affiliated members. These members do not fall under one job title but they are very diversely spread out

among the working area. Their jobs go from doctors to truck drivers and painters to bankers. The mission of these workers and the AFL-CIO "is to improve the lives of working families—to bring economic justice to the workplace and social justice to our nation. To accomplish this mission we will build and change the American labor movement'. The AFL-CIO also has many goals which coincide with their mission:

Public sector worker unions: Public sector worker unions are governed by labor laws and labor boards in each of the 50 states. Northern states typically model their laws and boards after the NLRA and the NLRB. In other states, public workers have no right to establish a union as a legal entity. (About 40% of public employees in the USA do not have the right to organize a legally established union.) Since the 1970s, union membership has been steadily declining in the private-sector while growing in the public sector.

Minority Employees can have own Labour union: Under the NLRA, if a minority of employees voted for a union, those employees can then form a union which represents the rights of only those members who voted for the union. This minority model was once widely used, but was discarded when unions began to consistently win majority support. Unions are beginning to revisit the 'members only' model of unionism because of new changes to labor law which unions view as curbing workers' ability to organize.

Dispute Settlement Process: The employer and the union write the terms and conditions of employment in a legally binding contract. When disputes arise over the contract, most contracts call for the parties to resolve their differences through a grievance process to see if the dispute can be mutually resolved. If the union and the employer still cannot settle the matter, either party can choose to send the dispute to arbitration, where the case is argued before a neutral third party. Right-to-work statutes forbid unions from negotiating agency shops. Thus, while unions do exist in 'right-to-work' states, they are typically weaker.

Declining Union Density: Disaggregating the Effect of Globalization: The relative strength and size of unions in the United States has receded since the 1970s. Although most industrialized countries have seen a drop in unionization rates, the drop in union density (the unionized proportion of the working population) has been more significant in the United States than elsewhere.

Popular explanations that pin this decline to a reduced popularity of unionization among workers and the general public appear to be misguided. In fact, public approval of unions climbed between 1981 and 1988, with 61% of Americans approving of unions in 1988. The rate of public confidence in the United States during this same time differed little from the analogous rate in other industrialized nations. Furthermore, dropping unionization rates cannot be attributed entirely to changing market structures. In fact, scholars have shown the tremendous complexity inherent in explaining why this decline of union density. The first relevant set of factors relate to the receptiveness of unions' institutional environments.

In the mid-1950s, 36% of the United States labor force was unionized. At America's union peak in the 1950s, union membership was lower in the United States than in most comparable countries. By 1989, that figure had dropped to about 16%, the lowest percentage of any developed democracy, except France against, 95% in Sweden and Denmark, 85% in Finland, Over 60% in Norway and Austria, Over 50% in Australia, Ireland and the United Kingdom and Over 40% in West Germany and Italy.

In 2008, 12.4% of U.S. wage and salary workers were union members. 36.8% of public sector workers were union members, but only 7.6% of workers in private sector industries were. The most unionized sectors of the economy have had the greatest decline in union membership. From 1953 to the late 1980s membership in construction fell from 84% to 22%, manufacturing from 42% to 25%, mining from 65% to 15%, and transportation from 80% to 37%.

Principles of Labour and Management Relations by President Dwight D. Eisenhower: Elected in 1952, he was the first to publicly address and congratulate the new union. In Eisenhower's telephone broadcast to the United States he acknowledged the impact union members had made to better the nation and one of these impacts was 'the development of the American philosophy of labour'.

Eisenhower stated **three principles** which he feels apply to the philosophy of labour. The first principles states that: **'the ultimate values of mankind are spiritual**; these values include liberty, human dignity, opportunity and equal rights and justice'. Eisenhower was stating that every individual deserves a job

with decent compensation, practical hours, and good working conditions that leave them feeling fulfilled. His second principle speaks of the **economic interest of the employer and employee** being a mutual prosperity. The employers and employees must work together in order for there to be the greatest amount of wealth for all. Workers have a right to strike when they feel their boundaries are being crossed and the best way for the employer to fix the employees unhappiness is to come to a mutual agreement. His third and last principle which he preached stated: '**labor relations will be managed best when worked out in honest negotiation between employers and unions**, without Government's unwarranted interference'. Eisenhower was saying that when both parties cooperate and act in mature fashion, it will be easier to work out situations and a better outcome will result because of it. Once he was done delivering the speech, everyone across the U.S. knew of the new AFL-CIO whose 'mission was to bring social and economic justice to our nation by enabling working people to have a voice on the job, in government, in a changing global economy and in their communities'.

D. LABOUR RELATIONS: APPROACH AND STATUS IN JAPAN

Until the mid-1980s, Japan's 74,500 trade unions were represented by four main labour federations: the General Council of Trade Unions of Japan commonly known as Sohyo), with 4.4 million members--a substantial percentage representing public sector employees; the Japan Confederation of Labour commonly known as Domei, with 2.2 million members; the Federation of Independent Labour Union, commonly known as Churitsu Roren, with 1.6 million members; and the National Federation of Industrial Organizations commonly known as Shinsanbetsu, with only 61,000 members.

In 1987 Domei and Churitsu Roren were dissolved and amalgamated into the newly established National Federation of Private Sector Unions (commonly known as RENGO); and in 1990 Sohyo affiliates merged with Rengo.

Membership

The rate of labour union membership, which was 35.4% in 1970, had declined considerably by the end of the 1980s. The continuing long-term reduction in union membership was caused by several factors, including the restructuring of Japanese industry away from heavy industries. Many people

entering the work force in the 1980s joined smaller companies in the tertiary sector, where there was a general disinclination toward joining labour organizations.

Eligibility for Union Officer-ship: Any regular employee below the rank of section chief is eligible to become a union officer. Management, however, often pressures the workers to select favored employees. Officers usually maintain their seniority and tenure while working exclusively on union activities and while being paid from the union's accounts, and union offices are often located at the factory site. Many union officers go on to higher positions within the corporation if they are particularly effective, but few become active in organized labour activities at the national level.

Unusually Close Union-Management Relations: The relationship between the typical labour union and the company is unusually close. Both white- and blue-collar workers join the union automatically in most major companies. Temporary and subcontracting workers are excluded, and managers with the rank of section manager and above are considered part of management. In most corporations, however, many of the managerial staff is former union members. In general, **Japanese unions are sensitive to the economic health of the company**, and company management usually briefs the union membership on the state of corporate affairs.

Local Unions, rather than federations go for Negotiations and actions: Local labour unions and work unit unions, rather than the federations, conducted the major collective bargaining. Unit unions often banded together for wage negotiations, but federations did not control their policies or actions. Federations also engaged in political and public relations activities.

Show of force than a crippling job action by Unions: During prosperous times, the spring labour offensives are highly ritualized affairs, with banners, sloganeering, and dances aimed more at being a show of force than a crippling job action. Meanwhile, serious discussions take place between the union officers and corporate managers to determine pay and benefit adjustments.

During downturns, or when management tries to reduce the number of permanent employees, strikes often occur. The number of working days lost due

to labour disputes peaked in the economic turmoil of 1974 and 1975 at around 9 million workdays in the two-year period. In 1979, however, there were fewer than 1 million days lost. Since 1981 the average number of days lost per worker each year to disputes was just over 9% of the number lost in the United States. After 1975, when the economy entered a period of slower growth, annual wage increases moderated and labour relations were conciliatory. During the 1980s, workers received pay hikes that on average closely reflected the real growth of GNP for the preceding year.

References Employment Agreements

Generally speaking, employment agreements are regulated by the Civil Code and by Labor Standards Law in Japan.

Prohibiting Gender Discrimination: Article 4 of Labor Standards Law prohibits discrimination in pay based on gender. An employer shall not engage in discriminatory treatment of a woman as compared with a man with respect to wages by reason of the worker being a woman. Subsequent legislation has also banned forms of disparate treatment which were previously used to skirt this stipulation. For instance, women must be afforded the same hiring, job training, promotion opportunities and retirement plans as men.

Prohibiting Ethnic/national/religious Discrimination: Article 3 of Labor Standards Law prohibits ethnic, national and religious discrimination by employers in regards to work conditions. An employer shall not engage in discriminatory treatment with respect to wages, working hours or other working conditions by reason of the nationality, creed or social status of any worker....'

Worker rights

Workers enjoy comfortable rights in Japan. Characteristically, the feeling that industry and employees are two sides of the coin is always found. That is reason the Japanese society is ahead economically.

Right of association: The Constitution provides for the right of workers to associate freely in unions. In 2003, approximately 10.5 million workers, 19.6% of all employees, belonged to labor unions. Unions were free of government control and influence. The **Japanese Trade Union Confederation**, which

represented 6.8 million workers and was formed in 1989 through the merger of several confederations, was the largest labor organization.

Some public employees, including members of the Self-Defense Forces, police, and firefighters are not permitted to form unions or to strike. These restrictions have led to a long-running dispute with the ILO Committee on the Application of Conventions and Recommendations over the observance of ILO Convention 98 concerning the right to organize and bargain collectively. The Committee has observed that these public employees have a limited capacity to participate in the process of determining their wages and has asked the Government to consider measures it could take to encourage negotiations with public employees. The Government determines the pay of government employees based on a recommendation by the independent National Personnel Authority.

Right to organize and bargain collectively: The Constitution provides unions with the right to organize, bargain, and act collectively. These rights were exercised freely, and collective bargaining was practiced widely. The Constitution provides for the right to strike, and workers exercised this right in practice.

Prohibition of forced or compulsory labor: The Japanese Constitution provides that no person shall be held in bondage of any kind. Involuntary servitude, except as punishment for crime, is prohibited. Although children were not specified in the provision, this legal prohibition against forced or compulsory labor applies equally to adults and to children. In practice, there were no reports of persons held in bondage or involuntary servitude apart from trafficking victims.

Prohibition of child labor and minimum wage: The Constitution bans the employment of children. Both societal values and the rigorous enforcement of the Labor Standards Law protect children from exploitation in the workplace. By law, children under the age of 15 may not be employed, and those under age 18 may not be employed in dangerous or harmful jobs.

Acceptable work conditions: Minimum wages are set on a regional and industry basis, with the input of tripartite (workers, employers, public interest)

advisory councils. Employers covered by a minimum wage must post the concerned minimum wages, and compliance with minimum wages was considered widespread. Minimum wage rates ranged according to prefecture or region from 606 to 710 yen per hour. Minimum wage rates were considered sufficient to provide a worker and family with a decent standard of living.

The **Labor Standards Law** provides for a 40-hour workweek for most industries and mandates premium pay for hours worked over 40 in a week, or 8 in a day. However, labor unions frequently criticized the government for failing to enforce maximum working hour regulations in smaller firms. Activist groups claimed that employers exploited or discriminated against foreign workers, who often had little or no knowledge of the Japanese language or their legal rights. The Immigration Bureau of the MOJ estimated that, as of January, there were more than 200,000 foreign nationals, primarily from South Korea, the Philippines, China, Thailand, and Malaysia, residing illegally in the country, with the majority of them engaged in manual labor.

The Government tried to reduce the **inflow of illegal foreign workers** by prosecuting employers of such workers. The Immigration Law provides for penalties against employers of undocumented foreign workers. Maximum fines for illegal employment assistance were raised to 3 million yen in December. Suspected foreign workers also may be denied entry for passport, visa, and entry application irregularities. The Government continued to study the foreign worker issue, and several citizens' groups were working with illegal foreign workers to improve their access to information on worker rights.

The **Ministry of Labor** effectively administered various laws and regulations governing **occupational health and safety,** principal among which is the **Industrial Safety and Health Law.** Standards were set by the Ministry of Labor and issued after consultation with the Standing Committee on Safety and Health of the Central Labor Standards Council. Labour inspectors have the authority to suspend unsafe operations immediately, and the law provides that workers may voice concerns over occupational safety and remove themselves from unsafe working conditions without jeopardizing their continued employment.

Article 14 of the Japanese Constitution guarantees equality between the sexes. The percentage of women in full-time jobs grew steadily during the 1980s and early 1990s. The Diet's passage of the Law for Equal Opportunity in Employment for Men and Women in 1985 is of some help in securing women's rights, even though the law is a 'guideline' and entails no legal penalties for employers who discriminate. The law has, however, been used by women in several court cases seeking equal treatment in such areas as retirement age (see Working women in Japan).

E. LABOUR RELATIONS IN UNITED KINGDOM

By continental standards, the UK operates a highly liberal labour market with the minimum of legislative intervention and administrative 'red tape'. Employment rights have taken shape around the common law of contract and onto this central pillar have been bolted a number of statutory constraints in such spheres as working time, maternity, union rights and minimum pay. The UK does not have a written constitution and its court system has grown in a rather piecemeal way. However, specialist employment tribunals are empowered to hear almost all individual disputes and they are an integrated element in the civil court structure.

There are many more laws as below.

Protection Fróm Harassment Act 1997	Data Protection Act 1998
The Employment Relations Act 1999	Human Rights Act 1998
Public Interest Disclosure Act 1998	Employment Rights Act 1996
Employment Right (Disputes Resolution) Act 1988	National Minimum Wage Act 1998

Disability Discrimination Act 1995

1. It is unlawful for an employer to discriminate against a disabled person—
(a) in the arrangements which he makes for the purpose of determining to whom he should offer employment;
(b) in the terms on which he offers that person employment; or (c) by refusing to offer
or deliberately not offering him employment;
(2) It is unlawful for an employer to discriminate against a disabled person whom he employs—
(a) in the terms of employment which he affords him;
(b) in the opportunities which he affords him for promotion a transfer training or

receiving any other benefit;
(c) by refusing to afford him or deliberately not affording him any such opportunity; or
(d) By dismissing him or subjecting him to any other detriment.

Statement of initial employment particulars

(1) Where an employee begins employment with an employer, the employer shall give to the employee a written statement of particulars of employment.

(2) The statement may (subject to section 2(4)) be given in installments and (whether or not given in installments) shall be given not later than two months after the beginning of the employment.

(3) The statement shall contain particulars of—

(a) the names of the employer and employee,

(b) the date when the employment began, and

(c) The date on which the employee's period of continuous employment began (taking into account any employment with a previous employer which counts towards that period).

(4) The statement shall also contain particulars, as at a specified date not more than seven days before the statement (or the installment containing them) is given, of—

(a) the scale or rate of remuneration or the method of calculating remuneration,
(b) the intervals at which remuneration is paid (that is, weekly, monthly or other specified intervals),
(c) any terms and conditions relating to hours of work (including any terms and conditions relating to normal working hours),
(d) any terms and conditions relating to any of the following—

(i) entitlement to holidays, including public holidays, and holiday pay (the particulars given being sufficient to enable the employee's entitlement, including any entitlement to accrued holiday pay on the termination of employment, to be precisely calculated),

(ii) incapacity for work due to sickness or injury, including any provision for sick pay, and pensions and pension schemes,

These laws govern issues in box given below for better work conditions in the UK as in most countries.

Biological Hazards	Noise and vibration
Bullying	Personal Protective Equipment (PPE)
Campaigns	Rehabilitation
Chemicals and Dust	Repetitive strain injury (RSI)
Compensation	Risks Newsletter
Construction workers interest	Safety reps
Disabled Workers	Sickness Absence
Drugs and alcohol in work place	Skin Hazards
Electrical safety	Slips, trips and falls
Ergonomics	Smoking
European Health and Safety Week	Stress
Fire safety	Surveys
First aid	Training
Guides and reports	Transport
Ionising Radiation	Violence
Law/Legislation	Women and health and safety
Liability / Corporate Responsibility	Worker involvement
Lone Working	Workers' Memorial Day
Machinery and equipment	Working time
Manual handling	Workplace health, safety and welfare
Migrant Workers	Young workers Equality

Dispute Settlement

Dispute settlement is very important in any industry and in any country. The process in UK is described below.

Establishing an agreement: An employer must begin the introduction of a process for information and consultation if they receive a request from at least 10% of employees (in one document or individually over any period of six months). If an employer has an existing written and approved arrangement (covering all employees) for giving information to employees or their representatives and to seek their views on it, they do not need to respond to a request under the regulations unless it is made by at least 40% of employees. Having received a valid request from employees, an employer must make

arrangements for them to appoint or elect at least one negotiating representative for the purpose of reaching an agreement under the regulations. Employees must be notified in writing about the commencement of negotiations and the notification must be dated. The election or appointment must take place within three months of the valid request being made. If there is a complaint about the appointment/election, it must be addressed to the

Central Arbitration Committee (CAC): When one or more representatives have been determined, the company must write to inform employees of their identities. The appointed or elected representatives must be invited to commence negotiations. Negotiations must take place over a period not exceeding six months. The final agreement about information and consultation arrangements must cover all employees and be signed and dated by the agreeing parties.

The agreement must either specify how information and consultation representatives are to be appointed/elected or outline a process ensuring that all employees are to be informed and consulted individually. The company must then implement the agreement in a timely way.

Failure to comply with negotiating procedures: Where an employer has failed to commence or complete negotiations within the required period of six months, they must move ahead with standard information and consultation procedures as follows: A ballot must be held to select information and consultation representatives. The ballot must be in accordance with Schedule 2 of the regulations. One representative must be elected per fifty employees, provided that the final number of representatives ranges from 2 to 25.

The process of information and consultation must cover: The recent and probable development of the undertaking's activities and economic situation. The situation, structure and probable development of employment within the undertaking. Any anticipatory measures envisaged, in particular, where there is a threat to employment within the undertaking. Any decisions relating to the transfer of undertakings or collective redundancy (except when arrangements for either circumstance are already in place). The timing, method and content of the consultation must be appropriate. Representatives must be given the opportunity to meet the relevant level of management.

Where consultation concerns the transfer of undertakings or collective redundancy, it must be conducted with a view to reaching an agreement.

Further conditions: Duties under the regulations must be carried out in a spirit of co-operation. Where an employer fails to comply with the negotiation procedures or default standard terms, a complaint may be made to the CAC. The maximum penalty that an appeal tribunal may apply for non-compliance is £75,000.

Information provided to representatives in confidence must not be disclosed to other parties, except where the terms of disclosure permit them to do so. Employers are not obliged to reveal information if, according to objective criteria, the disclosure would seriously harm or be prejudicial to the undertaking. All representatives must be given adequate paid time off from their normal duties to perform their functions. No representative (or candidate for appointment/election) may be dismissed or be subject to detriment for any reason connected with their representative activities, except where they have breached their duty of confidentiality.

No employee may be dismissed or subject to detriment for reasons relating to their activities in relation to the implementation or enforcement of these regulations. Any agreement on contracting out from the application of the regulations shall be void, unless it is part of a written compromise agreement restricting access to an employment tribunal and appropriate independent advice has been given to the employee concerned.

Trade Unionism in UK

Trade unionists are being urged to use their position as part owners of UK Plc, through their pensions and insurance savings, as well as employees, to force companies to implement more long-term, worker-friendly policies.

The largest umbrella trade union Trade Union Congress (TUC) **campaigns against discrimination at work** and in wider society. Work on equal rights for women and men and part-timers, equality for black workers, lesbian and gay rights, disability issues and age equality are given importance.

The TUC also campaigns for a **better work/life balance**. The TUC changing times website gives employers and unions practical guidance to achieve a better work-life balance in the workplace.

The TUC has always been internationalist, **working with unions throughout the world for social justice**. In particular the TUC has played a key role in advancing workers' rights in Europe and making the case for social Europe. TUC is affiliated to the world trade union body, the ITUC and the European TUC - both of which maintain up to date links to unions throughout the world.

Labour Standards: The core labour standards have been defined by the ILO as the basic working conditions which all workers are entitled to. Work should be free from discrimination; basic rights of collective bargaining shoula be respected; nobody should be forced to work; and no child should work. Labour standards lie at the heart of tackling poverty and the TUC supports the ILO in its campaign to make labour standards universal.

The TUC has long **campaigned to raise the skills of Britain's work force.** It's good for the country's competitiveness and helps people find more fulfilling and better paid jobs. The TUC is also actively involved in promoting lifelong learning through unionlearn. Unionlearn was formed from the merger of TUC Education and Learning Services in May 2006. This new initiative has been developed by the TUC to help unions meet the education and skills needs of their members.

The TUC believes that everyone should be able to **retire in dignity with a decent pension**. It campaigns for better pensions for today's pensioners and work to ensure that people still at work can look forward to decent pensions. The TUC provides its own stakeholder pension scheme, providing working people and their families with a first class way to save for retirement.

Together **Britain's trade unions and employers are successfully resolving individuals' workplace difficulties,** TUC research reveals today (Friday). Of the 877 union workplace reps surveyed by the Labour Research Department, on behalf of the TUC, 84% spent time resolving difficulties

between individuals and management and almost a third (28%) spent more time doing this than any other union activity.

The Union Modernization Fund (UMF) was created by the Government to support innovative union projects to adapt to changes in the labour market. By funding a variety of projects, which will be formally evaluated, and by publicizing the results more widely among unions, the UMF will help unions to test innovative ways of working and provide a demonstration effect for the whole trade union movement, enabling unions to realize more fully their potential to improve the world of work for workers and employers alike.

Family friendly Rights: Unions have led the way in calling for **more family friendly working rights**, responding to the needs of their members in workplaces across the UK. Negotiating and bargaining on these rights belongs on the mainstream bargaining agenda and it is increasingly becoming a high priority for trade unions. The 2009 TUC Equality Audit revealed that guidance about work/life balance was the single biggest equality issue that members took to their union. The TUC have produced a guide that will assist trade union negotiators in responding to the needs of their members, delivering better work-life balance and support for caring responsibilities for workers up and down the country. It has been designed to be of practical assistance to trade unions, highlighting best practice on negotiating above the statutory minima, as well as containing in-depth information about the legal framework underpinning this work.

F. LABOUR RELATIONS IN ASIAN NATIONS

Asian economies and societies have attracted close attention from policy makers, international development institutions and researchers during the post-war era. There is a multitude of reasons for this, including their strategic geo-political location, population size and density, markets and resources and their colonial links with the West.

Asia is often cited as an **economic miracle**. No other region in the world was able to achieve such an extensive economic growth in such a short time. And most of the region's members, especially in East Asia, are an integral part of the success story. Today, scholars, entrepreneurs, and government officials

agree on the idea of **'factory Asia' or 'Asia Inc'**., where production processes of manufacturing goods are fragmented across the region, as large multinational corporations, together with local small and medium-sized enterprises, take part in an articulated regional division of labor where each country has an important role to play.

The **labour relations** in the Asian countries are **changing.** Asian labour relations are not exceptional to anything found in other continents. Asia embraces a huge diversity of historical experiences, cultures and social structures. This has implication in its labour relations. Workers' consciousness and the kind of strategies workers pursue may emerge from their traditional cultural framework, but they may also derive from the nature of the labour relations that have emerged more recently in the market or the workplace. The way in which policies distinguish between men and women workers, or between different ethnic groups and age categories may produce different interests and different forms of collective or individual action.

Labour Process and Production Relations

In the production of primary or secondary goods or in the provision of services, employers basically face the problem of how to organize the labour process in such a way as to maximize profits and compete efficiently. Whether capital is recruiting 'free' or 'unfree' labour, the quintessential issue within the labour process is the problem of how to convert workers' potential to work (labour power) into actual work effort (labour).

In industry, there are different emphases in different Asian countries. This is true even of the East Asian countries, where the scholarly focus has been on the development of large export-oriented firms and the creation of a workforce based on unskilled, young female labour. Some are more decentralized and rural (Taiwan), while others are more centralized and urban (Korea). In agriculture, the introduction of commercial crops has always caused major shifts in the labour process. Plantation systems, nucleus estate systems based on smallholder production, and smallholder production reliant on brokers/traders may exist side by side and create a complex variety of labour process systems.

Labour Mobility

Labour mobility has always been the result of rapid social transitions and unequal development in different parts of the world. Although labour mobility tends in many Asian countries to be characterized by its rural-rural or rural-urban base, its temporary and intermittent nature and its reliance on informal channels of communication, there is growing interest in the phenomenon of longer term international labour mobility relying on highly structured recruitment channels.

Gendered Nature of Labour Relations

The general perceptions and values defining women's roles and identities and their reproductive function have placed women workers in a different position from that of men both in the home and in the labour market. There is some variation in this respect, since factors such as religion, ethnic values, class, generation and age produce differentiation among women themselves. However, **gender relations based on fixed perceptions concerning the relationships between men and women, between women workers and capital, and between women and the State** still play an important and tenacious role.

Gender biases exist across the board in the definition of skills, the structuring of job hierarchies, the recruitment of labour into certain types of sectors or jobs, and in pay policies and state sponsored social policies for workers. These in turn have a direct impact on the position of women workers in their different social arenas. This impact can be seen in the labour market and the labour process, in the kind of mobility they experience, in the type and forms of consciousness they manifest, and in the forms of organization and collective action they undertake. .

Labour Consciousness

Labour consciousness and the kind of strategies they pursue may emerge from their traditional cultural framework, but they may also derive from the nature of the labour relations that have emerged more recently in the market or the workplace. The way in which policies distinguish between men and women workers, or between different ethnic groups and age categories may produce different interests and different forms of collective or individual action. In the past, attention focused chiefly on the more manifest forms of resistance, but recent years a greater emphasis has been placed on small-scale 'everyday' forms

of resistance. People see 'resistance', as a 'survival strategy'. An alternative focus has been placed on the process by which local traditions adapt to meet the new 'demands', as experienced through the mediation of workers themselves.

Labour Legislation and 'Old' and 'New' Labour Movements

Asian countries have shown differing levels of labour militancy. The existence of a tradition of labour militancy is usually linked with a high level of unionization. For this reason, many studies of labour movements have concentrated on formal, organized labour (i.e. workers organized within unions) and ignored other forms of mass-based organizations. Particularly prior to the industrial development of many countries in Asia, unions played a major role not only in organizing workers to demand better conditions but also in influencing the priorities of national policies. In the past, these unions were linked to political parties and made their mark at the national level through those channels.

However, with the drive towards **rapid industrialization, and also with the diminishing role of the socialist and communist political apparatus all over the world**, worker-union-party links have been severed through strong state intervention. This has taken many forms: legislation, redefinition of labour or mass-based organizations, and redefinition of the role of the military.

Legislation has often been a combination of welfare and repressive measures. The focus is now shifting to 'new' social movements and their relation to new forms of labour movements. These social movements are characterized by weak or less direct links with political parties. In some countries they are involved in organizing workers in non-factory workplaces and are also forging links with other elements of the national 'opposition', i.e. students and intellectuals. These groups face various problems in the new economic order: the mobility of capital, strong government control and the limited capacity of various sectors to absorb labour.

On the other hand, the **greater integration of national economies into the world system has brought increased international political intervention**, often to the disadvantage of the labour movement but sometimes to its benefit. These different conditions in which the balance of power operates have also created different scope for the labour movement in each country.

Declining Welfare systems and models of social security with privatization
Historically, East and Southeast Asian societies have been more egalitarian than often assumed, especially when compared with their counterparts in Africa and Latin America. Informal ways and means have developed to spread incomes and resources through patronage, kinship, village solidarity, and subtle restrictions on abuse of power. These age-old systems have now changed as a result of the rapid growth of Asian economies, resulting in the rise of new middle classes and new patterns of consumption. It is, however, a fairly small segment of the total population that has so far benefited from the expanding economy. Poverty has decreased.

Absence of formal schemes of social security: The **on-going process of privatization** implies that state-driven systems of social security have not been shared in the expansion. On the contrary, the formal sector of the economy, with the concomitant security of employment and social provisions, seems to be decreasing rather than increasing. The costs of health, education, and housing have gone up. The absence of formal schemes of social security is particularly frightening for the very large segment of the work-force, both rural and urban, which has to survive on low wages. **Informal systems of social security, based on kinship, religious, or localized networks are no longer operative**. This problem, the decline of the formal sector, coinciding with the breaking up of local networks, needs to be tackled.

Hence, the state-run social welfare arrangements in Western European societies, which were established to create social peace and stability during the industrialization process, are at present being carefully studied by Asian countries. In Europe, on the other hand, there are strong voices heard urging the need to dismantle the costly welfare institutions and state insurance systems in favour of privately organized security arrangements and Asian-style kinship and familism.

These two contrasting approaches to social security are seemingly melting together in the globalization process. The direction of the fusion is of the utmost importance for the way the world will be organized in the future, and an urgent field for joint Asian-European research at both macro and micro levels.

Demographic change

Asian cities are growing in size and population numbers at an unprecedented rate. Whereas in 1950 one in six Asians lived in cities, in 2000 it was one in three; and while in 1950 most of the million cities were found in Europe and North America, at the end of 20th century most mega-cities (with over 10 million inhabitants) were in Asia, including Tokyo-Yokohama, Shanghai, Bombay, Jakarta, and Manila. Net immigration from rural areas has usually been a greater contributor to urban growth than natural increase. The opportunities Asian cities offer to its residents are different. Many rural migrants find it difficult to make a living in poorly paid and uncertain industrial jobs or the self-employed informal sector, but, in contrast, businessmen and professionals can afford a luxurious life.

Value systems and cultural heritage

Asia is the birthplace of a number of world religions and value-systems such as Hinduism, Buddhism, Islam, Taoism and Confucianism. Religions and value-systems from the West are also widely spread in Asia. The co-existence of these systems has been unproblematic in many instances but there have also been violent clashes between adherents of the different creeds. Labour relations are influenced to an extent by cultural ties. But the cultural and religious contexts in the different regions are very diverse, giving rise to different trajectories in the global market, currently under severe pressure from global financial institutions and the ever more transnationalized large companies.

Enterprise Bargaining: A framework for enterprise bargaining which does not use any concept of union or non-union agreements is also existing in Asia, particularly Australia. Instead, an agreement is made when approved by a valid majority of the employees to whom it will apply. A union that acted as a bargaining representative during the negotiations may apply to be covered by the agreement. Enterprise Agreements is premised on 'good faith bargaining'.

National Minimum Wage: The nations agree that the minimum wage has an important protective role for the most vulnerable workers, especially within the ongoing crisis. They drew attention to the need to remove constraints, such as the link between social benefits and the minimum wage, in order to allow the minimum wage to fulfil its protective function. Minimum wage rates should be adjusted on a regular basis according to a number of relevant social and

economic indicators, such as the ratio of minimum wage to the average wage, the GDP per capita, costs of living, etc.

Voluntary and Autonomous collective bargaining: The relevance of a framework for more voluntary and autonomous collective bargaining is understood here very well. The search for new approaches and policies should continue to be guided by the relevant ILO standards and principles, including freedom of association and the right to collective bargaining and the principle of equal remuneration for a work of equal value. Particular attention are given to specific Conventions and Recommendations concerning minimum wage fixing (Convention No. 131), the protection of wages (Convention No. 95), and the protection of workers' claims in the case of employer's insolvency (Convention No. 173), which could inspire the necessary reforms. In view of the low ratification record of the wage related Conventions in the region, the ILO should intensify its efforts to support the acceptance and implementation of these standards.

G. LABOUR RELATIONS IN EUROPE OR EUROPEAN UNION (EU)

Labour relations are changing radically in Europe. Labour and its collective organizations are under pressure, labour market legislation has opened up, and unemployment is growing. European and American industry see this as a means to increase global competitiveness and refer to the hitherto successful models of East and Southeast Asian industrialization, which have been inspired by the West but built upon endogenous cultural, social, and political dynamisms, challenging existing theories on labour relations and working life, which so far empirically rest only on studies of Western Europe, North America, and Japan.

Over the last twenty years there has been a widespread decline in trade union membership throughout most of Western Europe. Since the fall of the Iron Curtain in 1989, unionization in many eastern European states has collapsed at an even more dramatic rate. In Poland, for example, today's 14 % level of unionization is in marked contrast to that of the Soviet-controlled era, when almost all workplaces were unionized. Most of those who remain trade union members in Poland work for former state-owned companies.

In only 8 out of the current 27 member states of the European Union (EU) are more than half of the employed population members of a trade union. In fact, the EU's four most populated states all have modest levels of unionization, with Italy at 30%, the UK 29%, Germany 27% and France at only 9%.

As a consequence, three out of every four people employed in the EU are now not members of a trade union. Furthermore, in every EU country outside Scandinavia (except Belgium), trade union membership is either static or continues to decline. Even in the UK, where a clear formal procedure for trade union recognition was introduced through the 1999 Employment Relations Act, the unionization of employees has remained stable.

Federation of European Employers (FedEE) estimates that, in the medium term, the average level of unionization across the EU will fall even further - from 26.3% today to just under 20% by 2010.

The **basic social right was the freedom of movement of labour**. Every EU national is entitled to take up and pursue employment in the territory of another member state under the same conditions as the nationals of the host state. A host state may only exclude an individual where there is evidence that their personal conduct poses a present threat to public order. They may, however, impose conditions relating to linguistic competence where this is directly relevant to their employment.

Since 1969 a 'de facto' body of general human rights principles has been introduced by the European Court of Justice (ECJ) to avoid clashes with national constitutional rights when making their decisions. More recently, the EU treaty has also incorporated the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Direct Effect

Individuals have the power to claim rights conferred directly by EU treaties, regulations, decisions and directives (after their effective date) even if their member states have failed to introduce them into domestic law or have not implemented them correctly. These rights may be claimed by an individual in relation to the state and related public bodies (vertical direct effect), or in

relation to another individual (horizontal direct effect) because they are also subject to the same overarching framework of EU rules.

Indirect Effect

This requires the domestic court of an EU member state to interpret all national laws in the light of directives, even if the law in question was not based on the directive of Von Colson principle.

The changing role of the ECJ and its growing body of case law has forced continental legal systems to break away from their tendency to codify all human activities in order to deal with every legal contingency. Complex ECJ rulings and the operation of direct/indirect effect procedures are forcing the courts and legal practitioners to operate more flexibly and think laterally about issues that confront them.

Why do the labour law systems of EU member states appear to differ so significantly, despite the increasing pressures towards harmonisation from the European Union over the last four decades?

Article 85 (1) of the EU treaty prohibits 'all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between member states, and which have as their object or effect the prevention, restriction or distortion of competition within the common market'.

Each European country operates a distinct system of labour legislation and judicial enforcement. This is often closely linked to the process of **collective bargaining** and social partner consultation arrangements. Set out below are brief introductions to the framework of labour laws in a number of European countries followed by examples of primary legislation in English.

In Europe, **two consecutive generations were culled in two world wars**; in the 20th century too many years were wasted fighting. Similarly in Asia, people have been struggling for many years and conflicts have not disappeared from the region yet. At last in Europe, common values began prevailing, and both economic and political integration became a reality. The story of the European Union (EU)—as it is now named after few changes—is a mixed one

but, on balance, a positive one. This has convinced many persons in different parts of the world to consider it a good example of regionalism to be followed, even to be copied, at least in some principles and aspects of governance.

Austrian employment law is based on a clear distinction between blue and white collar workers. A comprehensive system of collective agreements is in place and workers are obliged to belong to their local chamber of employees which provides them with free legal advice. Special courts exist to handle labour issues and there is a general ban on dispute resolution through arbitration.

Belgium is a federal state divided into three main semi-autonomous regions - Flanders (Flemish speaking), Wallonia (French and German speaking) and Brussels (mixed linguistic communities). All competence for making employment laws lies with the federal parliament, although enforcement of these laws is primarily through locally-administered labour courts. **Collective bargaining** is the key mechanism by which labour standards are established and maintained. A multi-industry agreement that creates a formal framework for all **collective agreements is concluded every two years**. A **plethora of industry agreements exist** and many are extended by royal decree to become generally binding to all employers in a particular sector or geographical area.

Denmark has **collective agreements** that determine most of the terms and conditions enjoyed by Danish workers. Employment laws have traditionally existed to provide a framework for collective bargaining and to reinforce the application of resulting agreements. There has, however, been a marked swing away from dependence upon social partner arrangements and towards the direct application of statutory requirements in the employment field. Equal Treatment of Men and Women, Consolidation Act on Benefits in the event of Illness or Childbirth, Consolidation Act on Social Pensions, Consolidated Act on Protection against the Consequences of Industrial Injuries, etc are important ones.

In **Finland,** highly unionized country, the terms and conditions are laid down within both a **framework of progressive employment laws and a rolling two-yearly incomes policy agreement.** All new laws are subject to extensive consultations with the social partners and collective agreements become

generally effective in their sectors if deemed appropriate by a tripartite committee.

France: The Labour Code is the primary basis for labour law. Sitting astride the code is a large body of legally enforceable rights introduced through collective and works agreements. Most employment contracts are for an open term a major legal distinction exists between 'cadres' (top managers) and 'employees' (lower grade staff).

German employment law is not consolidated into a single labour code. It is **based instead on the service contract provisions of the German Civil Code and a plethora of individual statutes.** Collective agreements have full legal status and collective labour law is one of the few areas where judicial precedent has helped to develop a systematic body of rights. German health and safety law, Occupational health insurance, Works Constitution Act, Federal Data Protection Act, Equal Opportunities Act, Hours of Work Act, European Works Councils, etc are important legislations.

Iceland: Although not a member of the European Union, Iceland is a signatory of the European Economic Area (EEA) agreement and therefore **incorporates all EU employment and social directives** into its national laws. This is the **most highly unionized country in Europe and trade unions hold a great deal of political power**. Extensive consultations must also take place with the trade unions to discover if an alternative to labour shedding can be found. Gender equality is a serious issue, both in labour relations and under Icelandic law. The same salaries must be paid for work of equal value.

Ireland owes much of its legal system to being formerly part of the United Kingdom. The **Irish government generally adheres to EU social directives** and was one of the first to introduce an **integrated non-discrimination law giving protection to a wide range of social groups**. Ongoing tripartite agreements exist to sustain growth and control price inflation. The National Labour Court may issue binding recommendations on pay and conditions in companies where trade union recognition does not exist. Ireland has the highest minimum wage in the EU after Luxembourg.

The Italian constitution recognizes the central role of work in the social life of the country and there is a strong legal framework for working conditions, the right of association and equality of opportunity. In Italy there are many different instruments that may be used to introduce a new legal requirement - from 'Decreto Legge' that last for only three months to 'Delega Legislativa' that are frequently mistaken for full legal statutes, but are actually just blueprints for a potential law, (Decreto Legislativo). On top of these parliamentary measures are regulations (regolamento) in five different forms, ranging from 'Derecto del Presidente della Repubblica', which do not require prior authorization by a law, to 'circolare', which simply instruct civil servants how to operate.

Luxembourg: In this small, affluent state, **collective bargaining** is largely at a company level. The law requires companies that have over 1,000 employees or are more than 25% state-owned to appoint one-third of their board from employee representatives. Despite this, the government was reluctant to introduce the **European Works Councils Directive**, and has frequently been at loggerheads with trade unions about issues such as union recognition in the banking industry and working time arrangements in the hotel and catering sectors. **Luxembourg has the highest minimum wage in the EU.**

The Netherlands: Dutch employers are required to operate within a fairly rigid system of statutory rights and obligations. The primary source of legal rights is ***book seven*** of the Dutch Civil Code, which contains the tenth title laying down rules concerning the employment contract. Some scope for varying employment terms exists through the oddly termed 'three-quarter coercive' statutory provisions. These permit derogation through collective labour agreements. At a further remove are 'semi-coercive' provisions where derogations may be achieved by written contractual agreements with individual employees.

Norway is a signatory of the European Economic Area (EEA) agreement. It is a highly affluent country with a strong economic reliance on offshore gas and oil. The government operates a pact with the social partners and there is an ongoing review of working environment legislation. An important aspect of labour relations is the **existence of compulsory mediation to settle disputes.**

Spain has a **relatively modern constitution** and highly **regulated labour market,** because of the prolonged post-war dictatorial regime. The principal basis for all employment relationships is the **Statute of Workers**. At the age of 18 a Spanish worker may enter into a binding contract that gives them a wide range of protection including generous compensation for 'objective' dismissal.

Sweden: In spite of its high level of unionization, Sweden's principal mechanism for establishing employment standards is **not collective bargaining, but the law**. The last national accord ended many years ago and collective agreements are now primarily concluded at a sectoral level for rolling two to three-year periods. Unlike many of its neighbours, Sweden does not operate a system that permits collective agreements to have general effect within their sector.

Switzerland: Switzerland has achieved one of the highest standards of living in the world and the population is generally hard-working and **staunchly law-abiding**. Employment contracts are subject to the **Swiss law of obligation**. About half the working population is subject to **standard contracts drawn up by either the regional governments or a professional body**. It is also normal for contracts to refer to the organization's standard statement of employment conditions. A long-standing limitation exists on Sunday working, for which a special permit is required from the canton authorities.

United Kingdom: By continental standards, the UK operates a **highly liberal labour market** with the **minimum of legislative intervention and administrative 'red tape'**. Employment rights have taken shape around the common law of contract and onto this central pillar have been bolted a number of **statutory constraints in such spheres as working time, maternity, union rights and minimum pay**. The UK does not have a written constitution and its court system has grown in a rather piecemeal way. However, specialist employment tribunals are empowered to hear almost all individual disputes and they are an integrated element in the civil court structure.

European Works Council

A company is required to establish a European Works Council as per European Works Council Directive (EWC Directive) if it employs at least 1,000 employees within the EU member states and at least 150 employees in each of two member states. All employee numbers are calculated by taking the average

number for the previous two years. A 'qualifying' company must respond within a period of six months to a written request from at least 100 employees (or their representatives) in at least two undertakings/establishments in at least two different member states to establish a EWC.

The first step will be to establish a **'special negotiating body' (SNB).** This shall have a minimum of 3 and a maximum of 17 members. All countries where the company has employees must be represented by at least one member. Voting on the body will be decided by a simple majority.

The SNB will work with **'central management'** to determine, through written agreement, the scope, composition, functions, and terms of office of the European Works Council. The SNB may be assisted by experts of their choice and may also decide, by two thirds majority, to terminate negotiations. In such an event the SNB may not be reconvened for a two year period - unless both parties agree an alternative period. All expenses required to convene the SNB and negotiate with central management shall be borne by central management.

Both parties must negotiate in **'a spirit of cooperation'** with a view to reaching an agreement.

The final agreement shall contain:

Definition of the coverage of the EWC
Composition of the EWC and terms of office
Way in which information and consultation shall take place - including the venue, frequency and duration of meetings
Funding and staffing of the EWC
Way in which employee representatives will be able to meet to discuss the information conveyed to them
Period covered by the agreement and procedure for its renegotiation.

Where **'central management'** fails to respond to a valid request within a period of six months, or both parties are unable to conclude an agreement within a period of three years from the date of the request, a **default agreement shall automatically apply**.

The European Commission carried out a review of the Directive, which was published during the spring of 2000. Although they recommended no

change, the Council of Ministers has subsequently been under pressure from the European Parliament to make a number of fundamental amendments.

1. Freedom of movement for workers shall be secured within the Union.
2. Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment.
3. It shall entail the right, subject to limitations justified on grounds of public policy, public security or public health:
(a) to accept offers of employment actually made;
(b) to move freely within the territory of Member States for this purpose;
(c) to stay in a Member State for the purpose of employment in accordance with the provisions governing the employment of nationals of that State laid down by law, regulation or administrative action;
(d) to remain in the territory of a Member State after having been employed in that State, subject to conditions which shall be embodied in regulations to be drawn up by the Commission.
4. The provisions of this Article shall not apply to employment in the public service.

Workers get many rights as below.

i. **Workers' right to information and consultation within the undertaking.** Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Community law and national laws and practices.

ii. **Right of collective bargaining and action.** Workers and employers, or their respective organizations, have, in accordance with Community law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels and, in cases of conflicts of interest, to take collective action to defend their interests, including strike action.

iii. **Right of access to placement services.** Everyone has the right of access to a free placement service.

iv. **Protection in the event of unjustified dismissal.** Every worker has the right to protection against unjustified dismissal, in accordance with Community law and national laws and practices.

v. **Fair and just working conditions.** Every worker has the right to working conditions which respect his or her health, safety and dignity. Every worker has the right to limitation of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave.

vi. **Prohibition of child labour and protection of young people at work.** The employment of children is prohibited. The minimum age of admission to employment may not be lower than the minimum school-leaving age, without prejudice to such rules as may be more favourable to young people and except for limited derogations. Young people admitted to work must have working conditions appropriate to their age and be protected against economic exploitation and any work likely to harm their safety, health or physical, mental, moral or social development or to interfere with their education.

vii. **Family and professional life**. The family shall enjoy legal, economic and social protection. To reconcile family and professional life, everyone shall have the right to protection from dismissal for a reason connected with maternity and the right to paid maternity leave and to parental leave following the birth or adoption of a child.

viii. **Social security and social assistance.** The EU recognizes and respects the entitlement to social security benefits and social services providing protection in cases such as maternity, illness, industrial accidents, dependency or old age, and in the case of loss of employment, in accordance with the rules laid down by Community law and national laws and practices. Everyone residing and moving legally within the European Union is entitled to social security benefits and social advantages in accordance with Community law and national laws and practices. In order to combat social exclusion and poverty, the Union recognizes and respects the right to social and

housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Community law and national laws and practices.

ix. **Health care.** Everyone has the right of access to preventative health care and the right to benefit from medical treatment under the conditions established by national laws and practices. A high level of human health protection shall be ensured in the definition and implementation of all Union policies and activities.

x. **Access to services of general economic interest.** The Union recognizes and respects access to services of general economic interest as provided for in national laws and practices, in accordance with the Treaty establishing the European Community, in order to promote the social and territorial cohesion of the Union.

After the destruction and hardship caused by two world wars, Europeans realized the importance of collecting peace dividends by working together with regional neighbors to build up integrated economies and societies. They understood that sharing sovereignty with regional partners in certain areas can generate much higher benefits than acting as a sum of individual policies. The cooperative game played by members of the EU has brought tremendous benefits to their economies and societies.

H. STRATEGIC MANAGEMENT OF INTERNATIONAL LABOUR RELATIONS

Strategy refers to the scope and long term direction of an organisation's activity, the fit between an organisation's scope and direction, its internal resources and its external environment, the values, expectations of individuals, groups and stakeholders within the organisation', said **Michael Porter.**

There are two broad approaches to international labour relations: centralized and decentralized. To argue in favour of one versus the other is to

beg the question. Both approaches are necessary and one must dovetail into the other.

Centralization is desirable when decisions are concerned with labour and transportation costs, skill levels, availability of natural resources and the political climate in countries in which the MNE operates.

Decentralization is desirable when decisions are concerned with labour laws, union power, the nature of collective bargaining and the work culture. Increasingly, the way work is organized in particular countries is seen as a source of competitive advantage. Employee participation has a long history and it has many forms. Your textbook mentions self-managing teams, but quality circles (QC) and ultimately total quality management (TQM) are manifestations of employee participation in decision making. This is definitely the domain of local management - decentralization.

Strategic objectives of ILM

The strategic objectives of Industrial Relations are as tabled below.

i. Talent Attraction and Retention
ii. Competitive Compensation Package
iii. Cost Competitiveness and Wages
iv. Better Employment Practices
v. Employment Relations
vi. Dispute Resolution
vii. Benchmarks in Human Relations
viii. Productivity through Relations
ix. Quality through Relations
x. Value Maximization through Relations
xi. Labour as Stakeholder
xii. Parity amongst all stakeholders

Talent Attraction and Retention: One of the strategic objectives of international human resources relations management is 'attraction and retention' of best talents. The cream of talents is about 20% of employees. Yes, the Pareto Principle, 80:20, well operates. To attract and retain the cream of the creamy talents, that is what MNCs vie with each other, the Human Relations must be

good. Human Relations management must first of all create a sense of belongingness on the part of employees. Meeting the Meta needs of the employees, treating them in the 'Y' theory perspective and giving them ownership stakes in the firm are certain methods.

Competitive Compensation Package: Global concerns must give global package. Compensation includes both cash and kind, compensation for 'on-the-job' and 'off-the-job' contributions, for individual and group performances, and so on. Profit-sharing agreement, retirement plan, social security benefits, social services providing protection in cases such as maternity, illness, industrial accidents, dependency or old age, and in the case of loss of employment, in accordance with the rules laid down by Community law and national laws and practices, sweat equity, severance agreement, etc. must be all competitive.

Cost Competitiveness and Wages: Today's competition forces the corporations to target their costs. Target Cost = Market Price (of product/service offering) – Desired Profit. Labour cost is a component of the target cost. How much can it be? The pressure is for reducing the target cost, as market price is often going down. But you cannot bring down wages as that action will affect our fist objective of retaining best talents. Hence, the problem. Improved methods of job performance need to be invented.

Better Employment Practices: Good relations mean good practices, procedures, etc. Transparency, career ascendance avenues and opportunities, non-discrimination even in subtle forms, honesty, genuine concern for labour, learning opportunity, flexibility in dealings, etc make good the feel.

Employment Relations: Industrial Relations must enhance and promote best employment practices and the procedures, both formal and informal of the mechanisms for dispute prevention and dispute resolution. This requires practical advice and guidance on best practice and makes the most of our own people, services, resources and potential. In furtherance of this objective, co-operation with other organisations involved with the promotion of best practice in employment relationships is needed.

Dispute Resolution: Developing alternative dispute resolution techniques and collaborative programmes giving a high priority to the concept of 'Better

Employment Relations' in both public and private enterprises and services through Advisory, Conciliation, Mediation, Arbitration or Decree is the key objective. Robust dispute prevention and dispute resolution mechanisms are a key ingredient of this objective. Highest standards in dispute procedures, both collective and individual, an active involvement in building good employment relations, speeding up of collective negotiations to achieve *"on time"* mutual solutions for management and employees, etc are needed.

Benchmarks in Human Relations: There are companies that excel and set them apart by treating their employees as uniquely important. Companies establish benchmarks in human relations. Innovative ways self-actualizing employees, key-person recognition, critical incident acknowledgement, model means of merit credit, etc create a lasting impression.

Productivity through Relations: All the above measures in one way or the other involve higher payout to employees. There must be a 'quid-pro-quo'. Yes, the firm now gets the 'returns'. Productivity enhancement takes place. There is no productivity bar for firms. Employees are capable of adding to productivity abundantly. Better relations management will do. No work shutdowns. No loss of man/machine hours. Productivity rise takes care off cost rises, if any due to higher compensation package.

Quality through Relations: Another way a firm gets the reward for higher employee compensation is the quality of execution, right from sourcing, making, packing, selling and despatching. Quality gives benefits in more than one manner. Increased customer satisfaction and absence of re-works are very important ones. No rejections. No dissatisfaction.

Value Maximization through Relations: Better relations boost value. Firms have to provide value for money and the best governance standards. In companies with right employee relations, value maximization takes place in several ways. Creativity is the route to success. Innovation takes place. This creates certain synergies enhancing returns either through cost savings or revenue additions. Maintenance used to be very fine resulting in longer and safer life for facilities. Effect is lower fixed cost per unit.

Labour as Stakeholder: Good organizations make the employees as stakeholders in business by equity share options or sweat equity. With dual

stakes commitment enhances. There are few companies which have made their employees millionaires by stock-allotment.

Parity amongst all stakeholders: Consumers, Employees, Stock-holders, Community and suppliers are all stake-holders in businesses. Their interests must be kept in a balanced state. A parity is needed.

National or Global Competitiveness of firms is the need of the hour. Social Partnership between labour and management is needed for formal dispute resolution. Such Partnership must have a National Implementation Body (NIB), as an intrinsic part of the social partnership agreements and its oversight processes. The National Implementation Body should tend to channel disputes referred to it on to appropriate body or the Labour Court, thereby ensuring the maintenance of statutory tried and trusted industrial relations institutions. Equity, employment standards, social and economic development and the law must be followed. A potential for conflict exists between the broad employer perspective that *'light touch'* employment regulation needs to be maintained, against the general trade union view that improved compliance in this area and an extension of legal employment rights are required.

The wider explosion in labour law, much of it generated at EU level over several decades, has meant an increasing level of encroachment on much of the industrial relations terrain. There has been also a greater use of mandatory outcomes in cases involving collective bargaining. There are up to thirty separate pieces of employment legislation, and the volume of cases referred to third party dispute resolution institutions increases annually. This volume of employment legislation means that virtually no aspect of the employment relationship is completely free from regulation. There is also a general tendency towards greater regulation of the industrial relations system over the past decade through the social partnership agreements. The National Implementation Body operates at the centre of a process that can assist in bringing critical disputes to finality.

Strategic Labour Relations enable the following:

Prepares the firm to take more effective decisions in the area of labour relations issues based on a clear understanding of current labour legislation.

Establishes labour relations as a planning tool for implementing the company strategy.

Takes an in-depth look into individual work relations with a special focus on work time, special agreements and workers rights and obligations.

Discovers the scope of management powers that company managers have with regard to making changes to work contracts.
Learns how the Labour Inspection Authority operates.
Studies the causes for suspending and terminating work contracts and more specifically, the scope of a company's disciplinary powers.
Familiarises with collective labour relations and the role of legal and trade union representation inside the company.
Finds out how collective bargaining works as well as about pressure mechanisms such as strikes and lockouts.
Acquires a comprehensive overview of the current social security system in the country.
Studies the strategic negotiation process applied to labour relations along with the essential management skills required in order to implement an effective system of labour relations.
Shares experiences with other professionals in similar professional and company posts.
Takes a holistic view of labour relations as a tool for industrial peace, productivity, prosperity, profitability, performance and caring and sharing.

Review Questions:-

1. Give an overview of evolution of Human Relations in Industry
2. Present the three Theoretical Perspectives on Labour Relations
3. Explain the Labour Relations Machinery and Process of Dialogue and Settlement
4. Bring out the salient features of Labour Relations in the USA
5. Discuss the main features of Labour Relations in Japan
6. Explain the salient features of Labour Relations in the UK
7. What are the trends seen in Asian Labour relations
8. Bring out the salient features of Labour Relations in Europe
9. Role of Strategic Management of International Labour Relations.

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6. Policies and Practices in Global Human Resource Systems- Mary R Watson

MODEL QUESTION PAPER

PAPER - 4.I OBAL HUMAN RESOURCES MANAGEMENT

TIME 3 HOURS **Max. 100 Marks**

PART - I (5 x 8 = 40)

Answer any 5 Questions
All questions carry equal marks

1. Explain the concept and need for Manpower planning.
2. Explain the significance and coverage of Personnel Audit.
3. Would you prefer third-country national for positions in MNCs? Why?
4. Explain the concept and issues of Cultural diversity and management thereof.
5. What is Pay for performance or P4P? Present the need for it.
6. Explain the factors and steps in designing Global HR compensation.
7. What are Standard Vs Tailor Made Training programs? Assess each.
8. Bring out the salient features of Labour Relations in the USA

PART - II (4 x 15 = 60)

Answer any 4 Questions
All questions carry equal marks

9. Present the opportunities for globalizing HR operations.
10. Explain the Challenges of global placements in the recent times of shortage in talents.
11. Present the cultural experiences of best-run Companies, giving suitable examples.
12. How the galloping rise in Executive compensation can be controlled? Cite the measures taken in select countries.
13. Explain the factors and features of MNC compensation structure.
14. Explain the practices in Global HR Training and Development (T&D).
15. Role of Strategic Management of International Labour Relations.

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